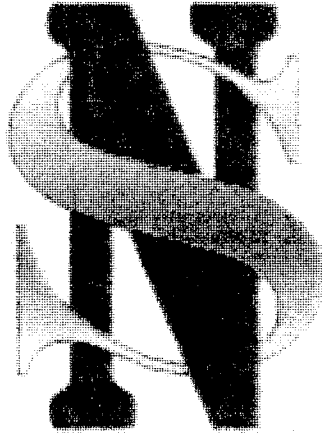


**NORTH SCOTT
COMMUNITY
SCHOOL DISTRICT**

Eldridge, Iowa



**Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2008**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
NORTH SCOTT COMMUNITY SCHOOL DISTRICT
Eldridge, Iowa**

For the fiscal year ended June 30, 2008

OFFICIAL ISSUING REPORT

Joseph E. Hintze - Director of Business Affairs

OFFICE ISSUING REPORT

Business Office

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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...a commitment to the community.

December 15, 2008

Mr. Rex Masterson, President
and Members of the Board of
Education and Citizens of
North Scott Community School District
Eldridge, Iowa

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the North Scott Community School District, (the "District") for the year ending June 30, 2008. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

The report presents the financial information of the district accurately and concisely. It is comprehensive, yet easily readable. The Comprehensive Annual Financial Report will be submitted to the Association of School Business Officials of the United States and Canada (ASBO) for review for the ASBO Certificate of Excellence and to the Government Finance Officers Association for the GFOA Certificate of Achievement.

This letter of transmittal is designed to complement the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and Single Audit. The introductory section includes this transmittal letter, the school board's organizational chart, and a list of the district's consultants. The financial section includes the independent auditor's report, the basic financial statements and notes to the financial statements and additional schedules. The statistical section includes selected financial and demographic data for a ten-year period. The single audit section includes the schedules and various independent auditor's reports required by the Single Audit Amendment of 1996.

Basis of Accounting and Accounting System

The district's accounting records for general operations are maintained on a modified accrual basis, with the revenue being accrued when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the district's nutrition and day care programs and internal service fund are maintained on the accrual basis. All the district's funds are presented in this report and have been audited by the district's independent certified public accountants, Nolte, Cornman & Johnson, P.C., Certified Public Accountants.

The chart of accounts used by the district is in conformance with the revised Uniform Accounting System for Iowa Schools and Area Education Agencies 2004 Edition, and reprinted in June 2006, by the Iowa Department of Education. The chart of accounts manual is updated on an annual basis.

In developing and evaluating the accounting system of the school district, much consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the school district adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Profile of the Government

North Scott Community School District was incorporated November 1956. The district is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue. The district is governed by a seven-member board of education. The elections are held annually in September. Two and three positions are up for election on alternate years. All board members are elected at large.

The combined financial statements include all funds, organizations, account groups, agencies, boards, commissions and other authorities. The district has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the district are such that exclusion would cause the district's financial statements to be misleading or incomplete. The criteria considered in determining financial accountability include appointing a voting majority of an organization's governing body, and 1) the ability of the district to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the district.

The district provides a full range of educational services for residents of the North Scott Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, specialized education for handicapped children, vocational education and many individualized programs such as specialized instruction for students at-risk.

Debt Administration

As of June 30, 2008 the North Scott School District had \$715,000 in revenue bond indebtedness. This left the district with bonding capacity of \$35,862,179. The district bonds were issued with a AAA bond rating. The purpose of the bonds is for construction of classroom space, air conditioning of all education buildings, parking lot improvement and construction of a sports complex.

Cash Management

The district invests in only those securities allowed by the Code of Iowa, Chapter 12C. Because of the timing of the state aid payments, a portion of the available cash must be kept in very liquid accounts. To maximize investment return, the District invested in Certificates of Deposit with an average rate of 4.99%, a bank Sweep Savings Account with an average rate of 4.31%, and the Iowa Schools Joint Investment Trust with an average rate of 3.75%. Interest revenue of \$589,002 was earned on all investments for the fiscal year ending June 30, 2008. This represents a decrease of \$203,907 or 25.7%. This decrease in revenue is attributed to the decreased cash balance in the Capital Projects Fund as the district had planned to repay general obligation bonds early, as well as a lower interest rate available for investments.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa Law pursuant to Chapter 28E and Section 279.29, Iowa Code (1985), as amended which authorized Iowa schools to jointly invest monies pursuant to a joint investment agreement. The objective of the liquid account is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa schools under Iowa law. Money may be withdrawn at any time.

Risk Management

The district currently covers property and liability losses with traditional insurance coverage through the Iowa Association of School Board's group plan carried by Employer's Mutual Insurance Company. Worker's Compensation coverage is provided by United Heartland. The group health plan is partially self-funded with stop loss policies purchased for both specific and group aggregate limits. The dental and vision plans are also self-funded with individual limits of the amount the plan will pay annually.

Budgeting

The District's Board of Education annually adopts a budget and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets are prepared on an accrual basis, which details estimates of GAAP revenues and GAAP expenditures, and use of beginning fund balances, whereas the financial statements of the funds are prepared on either the modified accrual basis or accrual basis of accounting. A statement comparing the budget to actual receipts and disbursements is included in the required supplemental information in aggregate form for fund types for which budgets are required.

For management control, the budget is reviewed on a line item basis for up to a 10% variance. However, since a budget is a plan, overages on a line item basis are allowed if sufficient funds are available on a major function basis.

Major Initiatives and Achievements

Despite pressures from financial challenges, the 2007-2008 school year was a year of growth, achievement and change. Following are some of the major accomplishments or initiatives from the 2007-2008 year.

- Each of the district's buildings trained and used building instructional coaches to support the district's professional development initiatives in literacy and thinking.
- The high school continued several initiatives as part of the third year of the Smaller Learning Communities federal grant. This included advisory for all students, freshman house, and transition activities to assist entering freshmen making the move from junior high to high school.
- K-5 report cards reflect standards referenced reporting systems and are computerized for ease of teacher use and reporting more efficiently to parents.

- John Glenn Elementary was named a Federal Blue Ribbon School.
- For the second year, the district assessed students in grades 3-9 on the Measures of Academic Progress assessment. This is a computerized individual growth assessment.
- The North Scott Board of Directors participated for the second year in the Iowa Association of School Boards Lighthouse Project.
- New graduation requirements have been implemented requiring students to take four years of English, and three years each of math, science, and social studies to graduate from high school.
- A district-wide professional development initiative focused on differentiation continued for the second year in 2007-08.
- Several North Scott students participated at the national level in History Day competition, after winning at the state level.
- Every school faculty continues to use a building "Pyramid of Interventions" to respond to individual student's needs in an organized, sequential manner using the multiple resources available within the school, district, and community.
- Multi-year labor contracts with two of the district bargaining units:
 Teachers for 2008-2009, 4.77% and for 2009-2010, 4.69%
 Bus Drivers for 2008-2009, 3.91% and for 2009-2010, 4.0%
- Continuation of a web-based student records/management system to allow parents to view student assignments, grades and progress.
- Nova Net, a credit recovery program, was offered to students at the high school.

District efforts are focused on supporting and increasing student learning. Listed below is information on student achievement for 2007-2008:

- 84.5% of 4th grade students were proficient in reading, exceeding the state goal of 76% proficiency.
- 90.6% of 4th grade students were proficient in math, exceeding the state math goal of 74.7% proficient.
- 75.3% of the 8th grade students were proficient in reading and 82.0% were proficient in math.
- 11th grade had 80.2% of students proficient in reading, and 78.6% proficient in math.
- The dropout rate of students in grades 7-12 in 2006-2007 was 1.24% (latest data available).
- 82.63% of 2007-2008 North Scott graduates completed a core program of 4 years of English, and three years each of math, science, and social studies.
- The North Scott 2007-2008 grades K-8 Average Daily Attendance rate was 95.7%. The state goal was 95.8%.
- The 2007 graduation rate for the North Scott Community School District was 92.7% compared to the state goal of 90.3%.

- 71.15% of 2007 graduating seniors indicated they intended to pursue post-secondary education or training.

Economic Condition and Outlook

For the third year in a row, the district's General Fund balance has increased after several years of decline.

The 2008-2009 state allowable growth has been set at 4%. This increase in state allowable growth and the district's enrollment decrease indicates a minimum of only \$480,204 or 2.88%. With this minimum increase in funding, the district is offering an early retirement program to help limit the effort of a declining financial condition for 2009-2010.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for the internal controls and compliance.

Certificates of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) awards a Certificate of Excellence in Financial Reporting. The North Scott Community School District received both of these certificates for its comprehensive annual financial report for the fiscal year ended June 30, 2007. Each certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of governmental financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

These certificates are valid for a period of one year only. The North Scott Community School District received these awards for the first time for its fiscal year 1983 ASBO Comprehensive Annual Financial Report and the 1985 GFOA Certificate of Achievement for Excellence in Financial Reporting. We believe that our current CAFR conforms to the requirements for both awards and, therefore, we are submitting it to the ASBO and GFOA to determine its eligibility for each certificate.

Other Matters

Also included in this report is a statistical section that will give the reader a better understanding of the school system with background and additional financial data. The background information includes the following:

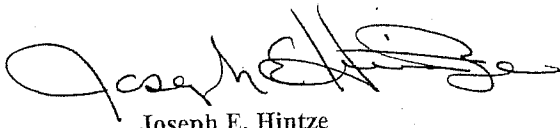
1. Analysis of facilities, classroom and staffing
2. Staffing levels for a ten (10) year period
3. Location and economic profile
4. Major taxpayers of the district
5. Major employers of the district
6. Enrollments by grade level
7. Operating cost per pupil
8. Schedule of insurance coverage
9. History of state aid payments

10. Free and reduced percentages
11. Teacher average salary and education
12. Local regular program budget vs. teacher settlements
13. Other labor settlements
14. Financial solvency ratio

We wish to take this opportunity to thank the administrative office staff who assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.

Very truly yours,



Joseph E. Hintze
Director of Business Affairs



Dennis W. Rucker, Ph.D.
Interim Superintendent of Schools

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Gnome E. Brendel

President

John D. Messer

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Scott Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Chloe S. Cox

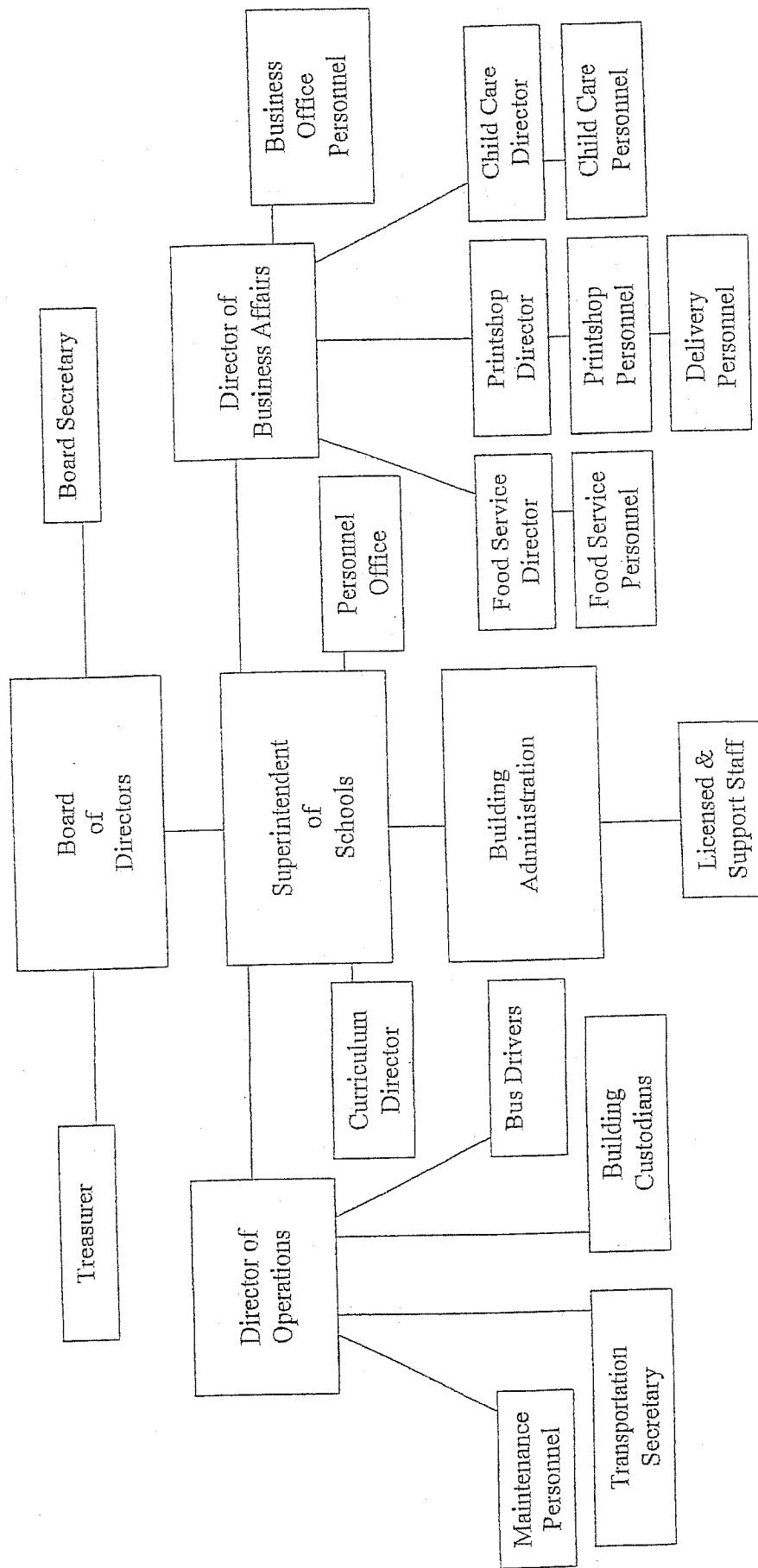
President

Jeffrey R. Emer

Executive Director

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

Organizational Chart



NORTH SCOTT COMMUNITY SCHOOL DISTRICT
BOARD OF EDUCATION AND SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2008

Board of Education

	<u>Title</u>	<u>Term/Contract Expires</u>
Before September, 2007 election		
Paul Dierickx	President	September, 2008
Rex Masterson	Vice President	September, 2009
Virginia Kelly	Member	September, 2007
Jack Hill	Member	September, 2008
Joni Dittmer	Member	September, 2008
Karen Storjohann	Member	September, 2009
Jerry Mohr	Member	September, 2007
After September, 2007 election		
Rex Masterson	President	September, 2009
Paul Dierickx	Vice President	September, 2008
Jack Hill	Member	September, 2008
Joni Dittmer	Member	September, 2008
Karen Storjohann	Member	September, 2009
Tim Lane	Member	September, 2010
Doris Tuftee	Member	September, 2010

School District Administration

Dr. Timothy A. Dose	Superintendent	July, 2008
Kristy Looney	Secretary	July, 2008
Joseph E. Hintze	Director of Business Affairs	July, 2008
Steven C. Fahrenkrog	Treasurer	July, 2008
John Netwal	Director of Operations	July, 2008
Curtis Rheingans	Principal	July, 2008
Sherri Marceau	Principal	July, 2008
John Langenhan	Principal	July, 2008
Kelly Rohlf	Principal	July, 2008
C.J. Albertson	Principal	July, 2008
David Griffin	Principal	July, 2008
Mike Zimmer	Principal	July, 2008
Frank Wood	Athletic/Activities Director	July, 2008
Terry Coleman	Associate Principal	July, 2008
Cindy Van DeWalle	Curriculum Director	July, 2008

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

CONSULTANTS AND ADVISORS
Year Ended June 30, 2008

CERTIFIED PUBLIC ACCOUNTANTS

Nolte, Cornman & Johnson, P.C.
117 W 3rd St. N
Newton, IA 50208

BOND ATTORNEYS

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309-2231

FINANCIAL CONSULTANTS

Evensen Dodge, Inc.
601 Second Avenue South, Suite 5100
Minneapolis, MN 55402

GENERAL COUNSEL

Lane & Waterman
220 North Main Street, Suite 600
Davenport, IA 52801-1987

PERSONNEL SERVICES

Gruhn Law Firm, P.C.
4089 21st Avenue SW, Suite 114
Cedar Rapids, IA 52404

INSURANCE CONSULTANTS

R.J. Lee & Associates
1700 52nd Avenue, Suite B
Moline, IL 61265-6378

OFFICIAL DEPOSITORIES

US Bank
P.O. Box 940
Davenport, IA 52805-0940

Great River Bank & Trust
P.O. Box 20
Princeton, IA 52768-0020

Valley Bank
P.O. Box 405
Eldridge, IA 52748

First Central State Bank
P.O. Box 119
DeWitt, Iowa 52742

IPAs Education
1415 28th Street, Ste. 200
West Des Moines, Iowa 50266

First Trust & Savings Bank
123 South Main Street
Wheatland, Iowa 52777

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NOLTE, CORNMAN & JOHNSON, P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
North Scott Community School District
Eldridge, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District, Eldridge, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the North Scott Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2008 on our consideration of the North Scott Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 15 through 24 and 53 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Scott Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Nolte, Cornman & Johnson PC
Nolte, Cornman & Johnson, P.C.

Newton, Iowa
December 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Scott Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- The district showed an increase in net assets of \$2,213,848 during the year ended June 30, 2008.
- The district's General Fund balance continued to increase by \$975,034 after several years of rapid decline.
- The district's Nutrition Fund balance increased by \$9,159 as a result of deferred equipment purchases that are being planned for 2008-2009. This will include an upgrade of point of sale equipment and software and table replacements.
- The district's Child Care Fund balance increased by \$33,372. This is the result of continued expansion to a 2 and 3-year-old preschool and day care program, along with a strong summer program.
- The Scott County voters approved the renewal of the county-wide Local Option Sales Tax by a 77.83% vote. The Iowa Legislature approved a State One-Cent Sales Tax in May that will extend the county-wide Local Option Sales Tax until 2029.
- The redemption of the 1998 and 1999 bonds were redeemed from the Capital Project Fund.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of North Scott Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report North Scott Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which North Scott Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
North Scott Community School District Annual Financial Report

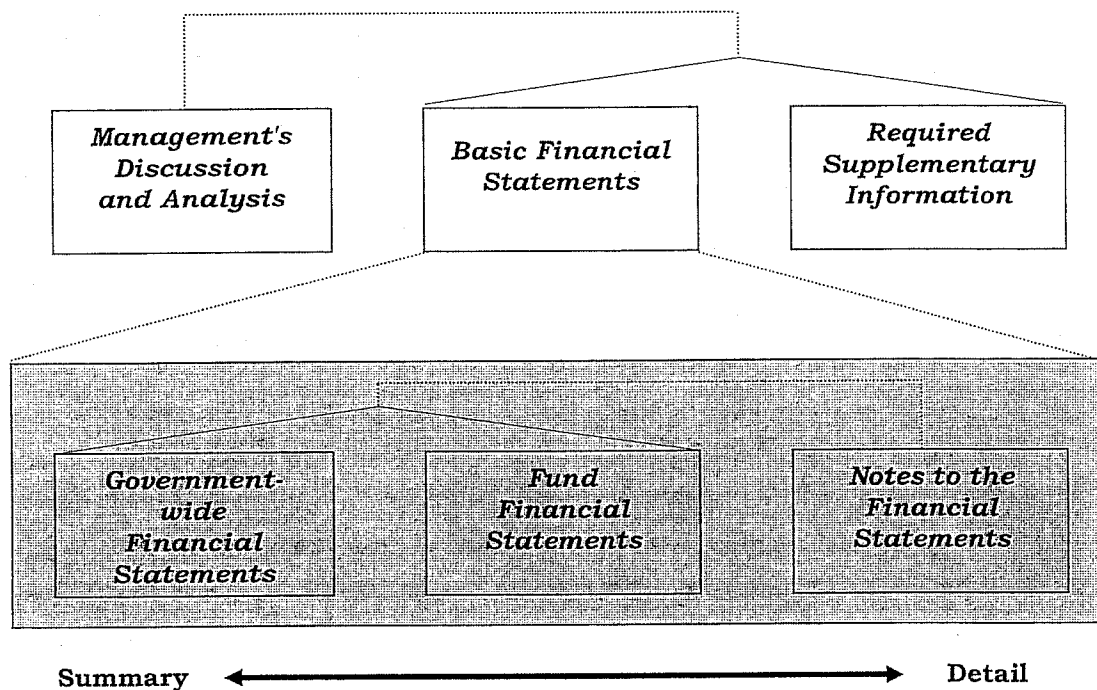


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and child care	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial position. Over time, increases or decreases in the District's net assets are an indicator of whether the financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and child care programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Student Activity Fund, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the

Day Care Fund. The District uses *internal service funds*, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund, Self-Funded Insurance Fund.

The required financial statements for proprietary funds include a statement of net assets, statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for the assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- **Agency Fund** – These are funds for which the District faculty accounts for certain revenue collected for District employee purchases of pop and related expenditures and for revenues and expenditures of other various club accounts.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purpose and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 24,652,059	27,514,542	796,283	722,788	25,448,342	28,237,330	-9.88%
Capital assets	22,038,720	22,826,988	180,418	190,535	22,219,138	23,017,523	-3.47%
Total assets	46,690,779	50,341,530	976,701	913,323	47,667,480	51,254,853	-7.00%
Long-term obligations	868,749	6,803,992	0	0	868,749	6,803,992	-87.23%
Other liabilities	14,791,331	14,678,156	53,705	32,858	14,845,036	14,711,014	0.91%
Total liabilities	15,660,080	21,482,148	53,705	32,858	15,713,785	21,515,006	-26.96%
Net assets:							
Invested in capital assets, net of related debt	21,323,720	16,136,426	180,418	190,535	21,504,138	16,326,961	31.71%
Restricted	4,426,103	8,105,764	0	0	4,426,103	8,105,764	-45.40%
Unrestricted	5,280,876	4,617,192	742,578	689,930	6,023,454	5,307,122	13.50%
Total net assets	\$ 31,030,699	28,859,382	922,996	880,465	31,953,695	29,739,847	7.44%

The District's combined net assets increased by 7.44%, or \$2,213,848, over the prior year. The increase in net assets was due primarily to the increased fund balance in the General Fund. The Capital Projects Fund decrease was due to the redemption of general obligation bonds during the year. The General Fund increase was due to increased local and state sources received during the year and keeping the increase in support services costs low.

The invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt decreased \$798,268, or 3.47%. The debt related to the invested in capital assets is

liquidated with sources other than capital assets. The decrease in invested in capital assets is primarily due to the current year depreciation being greater than the assets capitalized in the year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$3,679,661, or 45.40% over the prior year. The decrease was primarily a result of the decreased fund balance in the Capital Projects Fund, as previously discussed.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$716,332, or 13.50%. This increase in unrestricted net assets was a result of the District's increased fund balance in the General Fund, as previously discussed.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 1,783,212	1,793,719	1,198,703	1,129,421	2,981,915	2,923,140	2.01%
Operating grants and contributions and restricted interest	3,691,583	3,048,452	434,389	417,065	4,125,972	3,465,517	19.06%
Capital grants and contributions and restricted interest	4,380	28,000	0	0	4,380	28,000	-84.36%
General revenues:							
Local tax	13,591,594	13,286,454	0	0	13,591,594	13,286,454	2.30%
Unrestricted state grants	11,688,064	11,154,999	0	0	11,688,064	11,154,999	4.78%
Other	696,559	781,584	27,950	39,778	724,509	821,362	-11.79%
Total revenues	31,455,392	30,093,208	1,661,042	1,586,264	33,116,434	31,679,472	4.54%
Program expenses:							
Governmental activities:							
Instruction	17,419,648	15,756,034	445	517	17,420,093	15,756,551	10.56%
Support services	9,784,685	8,857,552	137,472	121,002	9,922,157	8,978,554	10.51%
Non-instructional programs	12,247	0	1,459,653	1,404,701	1,471,900	1,404,701	4.78%
Other expenditures	2,088,436	2,347,687	0	0	2,088,436	2,347,687	-11.04%
Total expenses	29,305,016	26,961,273	1,597,570	1,526,220	30,902,586	28,487,493	8.48%
Changes in net assets before transfers	2,150,376	3,131,935	63,472	60,044	2,213,848	3,191,979	-30.64%
Transfers	20,941	20,000	(20,941)	(20,000)	0	0	0.00%
Changes in net assets	2,171,317	3,151,935	42,531	40,044	2,213,848	3,191,979	-30.64%
Beginning net assets	28,859,382	25,707,447	880,465	840,421	29,739,847	26,547,868	12.02%
Ending net assets	\$ 31,030,699	28,859,382	922,996	880,465	31,953,695	29,739,847	7.44%

Local tax and unrestricted state grants account for 76.34% of the total revenue. The District's expenses primarily relate to instructional and support services which account for 88.48% of the total expenses.

The increase in local tax is due to the increase in tax levy, increased income surtax and increased local option sales and services tax revenues. The decrease in other general revenues is primarily due to the decrease of \$224,011 in unrestricted interest income.

The increase of expenses for the instruction activities is a result of salary and benefit increases. The increase of expense for the support services includes the cost for additional support services staffing, increased utilities costs, increased supply costs, and salary and benefit increases.

The increase of expenses for non-instructional programs includes the cost for the expansion of the district's daycare program that included a second latch key program and accepting two and three-year-olds in the preschool and daycare program.

Governmental Activities

Revenues and transfers for governmental activities were \$31,476,333 and expenses were \$29,305,016.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 17,419,648	15,756,034	10.56%	12,953,031	11,868,027	9.14%
Support services	9,784,685	8,857,552	10.47%	9,767,724	8,814,479	10.81%
Non-instructional programs	12,247	0	100.00%	12,247	0	100.00%
Other expenses	2,088,436	2,347,687	-11.04%	1,092,839	1,408,596	-22.42%
Totals	\$ 29,305,016	26,961,273	8.69%	23,825,841	22,091,102	7.85%

- The cost financed by users of the District's programs was \$1,783,212.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,695,963.
- The net cost of governmental activities was financed with \$13,591,594 in property tax, income surtax and local option sales and services tax, \$11,688,064 in unrestricted state grants, \$442,867 in unrestricted investment earnings, \$253,692 in other general revenues and \$20,941 in transfers.

Business-Type Activities

Revenues of the District's business-type activities were \$1,661,042 and expenses, including transfers were \$1,618,511. The District's business-type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

The School Nutrition Fund had increased revenues due to the increase of \$25,258 in charges for services. All other revenues were comparable to the prior year. Expenditures increased due to salary and benefit increases paid to employees.

During the year the District transferred \$21,000 from the Day Care Fund to the General Fund to pay for utility costs. The increase in revenues is due to increased participation in the District's preschool and strong summer school program in the Day Care Fund. The increase of expenditures include cost for the expansion of the district's daycare program that included a second latch key program, and accepting two and three-year-olds in the preschool and daycare program.

INDIVIDUAL FUND ANALYSIS

As previously noted, the North Scott Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,910,032, below last year's ending fund balances of \$10,644,503. However, the primary reason for the decrease in combined fund balances in fiscal 2008 is due to the early redemption of the general obligation bonds paid with local option sales taxes received in the Capital Projects Fund.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. Growth during the year in tax and grants resulted in an increase in revenues. The District's increase in General Fund expenditures was less than the increase in revenues, allowing the fund balance to increase and to be used for future financial obligations.
- The General Fund balance increased from \$2,588,955 to \$3,563,989, due in part to the negotiated salary and benefits settlement and the increase in state aid.
- The Capital Projects Fund balance decreased from \$6,317,073 in fiscal 2007 to \$2,467,166 in fiscal 2008. The District collected an increase in local option sales and services tax and had an increase in capital outlay expenditures including the redemption of \$5,425,000 of school bonds dated April 1, 1998 and January 1, 1999.
- The Student Activity Fund balance decreased from \$356,452 in fiscal 2007 to \$321,252 in fiscal 2008 due to the variance of student activities from year to year.
- The Debt Service Fund balance remained unchanged from \$0 in fiscal 2007 to \$0 in fiscal 2008. The District transfers in local option sales and services tax monies from the Capital Projects Fund to pay for bond principal and interest.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from \$880,465 at June 30, 2007 to \$922,996 at June 30, 2008, representing an increase of 4.83%. The School Nutrition fund balance increased from \$692,702 in fiscal 2007 to \$701,861 in fiscal 2008. The Day Care fund balance increased from \$187,763 in fiscal 2007 to \$221,135 in fiscal 2008. The School Nutrition Fund had increased revenues due to the increase of \$25,258 in charges for services. All other revenues were comparable to the prior year. Expenditures increased due to salary and benefit increases paid to employees. During the year, the District transferred \$21,000 from the Day Care Fund to the General Fund to pay for utility costs. The increase in revenues is due to increased participation in the District's preschool and strong summer school program in the Day Care Fund. The increase of expenditures include the cost for the expansion of the district's daycare program that included a second latch key program, and accepting two and three-year-olds in the preschool and daycare program.

BUDGETARY HIGHLIGHTS

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures, known as functional areas, not by fund or fund type. As budgets are not prepared by fund type, budgetary variances for the General Fund are not available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$22 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual

of 3.47% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,499,650.

The original cost of the District's capital assets was \$44.8 million. Governmental funds account for \$44.3 million with the remainder of \$0.5 million in the Proprietary, School Nutrition and Day Care Funds.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$17,638,303 at June 30, 2008, compared to \$18,346,672 reported at June 30, 2007. This decrease resulted from depreciation expensed.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 590,594	590,594	0	0	590,594	590,594	0.00%
Buildings	17,638,303	18,346,672	0	0	17,638,303	18,346,672	-3.86%
Land improvements	2,692,505	2,841,021	0	0	2,692,505	2,841,021	-5.23%
Machinery and equipment	1,117,318	1,048,701	180,418	190,535	1,297,736	1,239,236	4.72%
Total	\$ 22,038,720	22,826,988	180,418	190,535	22,219,138	23,017,523	-3.47%

Long-Term Debt

At June 30, 2008, the District had \$868,749 in general obligation and other long-term debt outstanding. This represents a decrease of 87.23% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had outstanding revenue bonds of \$715,000 at June 30, 2008.

The District also had compensated absences payable of \$153,749 at June 30, 2008, which will be paid primarily out of the General Fund.

Figure A-7
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30,		
	2008	2007	
General obligation bonds	\$ 0	5,595,000	-100.00%
Revenue bonds	715,000	1,050,000	-31.90%
Compensated absences	153,749	158,992	-3.30%
Totals	\$ 868,749	6,803,992	-87.23%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of five existing circumstances that could significantly affect its financial health in the future:

The national recession that has adversely impacted the state of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools (allowable growth) will be predicated on the condition of the state and national economy. The Democratic Political Party has taken over control of the Iowa Legislature. It is hopeful that legislative action to help educational funding will continue to occur this session as it did in the 2008-2009 session.

As a result of the Department of Defense, Base Realignment and Closure Commission (BRAC), the Quad Cities area is in the third year of a reduction of a net loss of 1,060 jobs at the Rock Island Arsenal that currently employs over 6,000. The Rock Island Arsenal is one of the top 10 major employers in the Quad Cities area.

Due to the lower birth rate in Scott County, the district's enrollment may decline. However, the number of new housing developments being planned within the district may offset this birth rate decline. District funding is highly dependent upon enrollment.

After several years of rapid decline of the district's financial condition, this is the third year in a row that upward improvements have been achieved. This is due to the Board adopting a five-year financial plan and planned expenditure reductions. The 2008-2009 fiscal year budget is planned for maintaining the current financial conditions.

The district's Superintendent of Schools passed away unexpectedly on July 1, 2008. Currently, the district is employing an interim superintendent while a search is conducted to find a replacement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joe Hintze, Director of Business Affairs, North Scott Community School District, 251 E Iowa St., Eldridge, Iowa, 52748.

BASIC FINANCIAL STATEMENTS

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 11,955,385	753,429	12,708,814
Receivables:			
Property tax:			
Delinquent	143,228	0	143,228
Succeeding year	11,239,357	0	11,239,357
Income surtax	114,394	0	114,394
Accounts	120,124	502	120,626
Due from other governments	985,571	4,043	989,614
Inventories	51,861	35,456	87,317
Prepaid items	30,136	0	30,136
Other	12,003	2,853	14,856
Capital assets not being depreciated(Note 5):			
Land	590,594	0	590,594
Capital assets being depreciated, net of accumulated depreciation(Note 5):			
Buildings	17,638,303	0	17,638,303
Land improvements	2,692,505	0	2,692,505
Machinery and equipment	1,117,318	180,418	1,297,736
TOTAL ASSETS	46,690,779	976,701	47,667,480
LIABILITIES			
Accounts payable	1,031,735	24,543	1,056,278
Loan payable	1,095	0	1,095
Salaries and benefits payable	2,502,365	6,122	2,508,487
Accrued interest payable	16,544	0	16,544
Unearned revenues:			
Succeeding year property tax	11,239,357	0	11,239,357
Other	235	23,040	23,275
Long-term liabilities(Note 7):			
Portion due within one year:			
Revenue bonds payable	350,000	0	350,000
Compensated absences payable	153,749	0	153,749
Portion due after one year:			
Revenue bonds payable	365,000	0	365,000
TOTAL LIABILITIES	15,660,080	53,705	15,713,785
NET ASSETS			
Invested in capital assets, net of related debt	21,323,720	180,418	21,504,138
Restricted for:			
Debt service	250,000	0	250,000
Talented and gifted	10,293	0	10,293
Dropout prevention	21,357	0	21,357
Beginning teacher mentoring	9,749	0	9,749
Statewide voluntary preschool	23,317	0	23,317
Professional development	6,428	0	6,428
Market factor incentives	8,916	0	8,916
Management levy	926,035	0	926,035
Physical plant and equipment levy	631,590	0	631,590
Capital projects	2,217,166	0	2,217,166
Other special revenue purposes	321,252	0	321,252
Unrestricted	5,280,876	742,578	6,023,454
TOTAL NET ASSETS	\$ 31,030,699	922,996	31,953,695

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 10,697,340	812,765	2,418,931	0	(7,465,644)	0	(7,465,644)
Special instruction	3,710,766	310,133	158,208	0	(3,242,425)	0	(3,242,425)
Other instruction	3,011,542	657,460	109,120	0	(2,244,962)	0	(2,244,962)
	17,419,648	1,780,358	2,686,259	0	(12,953,031)	0	(12,953,031)
Support services:							
Student services	1,143,007	0	0	0	(1,143,007)	0	(1,143,007)
Instructional staff services	967,017	0	0	0	(967,017)	0	(967,017)
Administration services	3,184,685	0	0	0	(3,184,685)	0	(3,184,685)
Operation and maintenance of plant services	3,388,922	0	0	4,380	(3,384,542)	0	(3,384,542)
Transportation services	1,101,054	2,854	9,727	0	(1,088,473)	0	(1,088,473)
	9,784,685	2,854	9,727	4,380	(9,767,724)	0	(9,767,724)
Non-instructional programs:							
Food service operations	11,788	0	0	0	(11,788)	0	(11,788)
Community service operations	459	0	0	0	(459)	0	(459)
	12,247	0	0	0	(12,247)	0	(12,247)
Other expenses:							
AEA flowthrough	995,597	0	995,597	0	0	0	0
Depreciation(unallocated)*	1,092,839	0	0	0	(1,092,839)	0	(1,092,839)
	2,088,436	0	995,597	0	(1,092,839)	0	(1,092,839)
Total governmental activities	29,305,016	1,783,212	3,691,583	4,380	(23,825,841)	0	(23,825,841)
Business-Type activities:							
Instruction:							
Regular instruction:							
Day care services	445	0	0	0	0	(445)	(445)
Support services:							
Administration services:							
Nutrition services	77,625	0	0	0	0	(77,625)	(77,625)
Day care services	731	0	0	0	0	(731)	(731)
Operation and maintenance of plant services:							
Nutrition services	56,782	0	0	0	0	(56,782)	(56,782)
Day care services	144	0	0	0	0	(144)	(144)
Transportation services:							
Nutrition services	1,556	0	0	0	0	(1,556)	(1,556)
Day care services	634	0	0	0	0	(634)	(634)
Non-instructional programs:							
Nutrition services	1,173,325	870,443	428,650	0	0	125,768	125,768
Day care services	286,328	328,260	5,739	0	0	47,671	47,671
Total business-type activities	1,597,570	1,198,703	434,389	0	0	35,522	35,522
Total	\$ 30,902,586	2,981,915	4,125,972	4,380	(23,825,841)	35,522	(23,790,319)
General Revenues and Transfers:							
General Revenues:							
Property tax levied for:							
General purposes					\$ 9,703,082	0	9,703,082
Capital outlay					949,985	0	949,985
Income surtax					132,922	0	132,922
Local option sales and services tax					2,805,605	0	2,805,605
Unrestricted state grants					11,688,064	0	11,688,064
Unrestricted investment earnings					442,867	27,950	470,817
Other					253,692	0	253,692
Transfers					20,941	(20,941)	0
Total general revenues and transfers					25,997,158	7,009	26,004,167
Changes in net assets					2,171,317	42,531	2,213,848
Net assets beginning of year					28,859,382	880,465	29,739,847
Net assets end of year					\$ 31,030,699	922,996	31,953,695

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2008

	General	Student Activity	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 5,629,699	335,364	2,374,270	1,602,160	9,941,493
Receivables:					
Property tax:					
Current year delinquent	125,205	0	0	18,023	143,228
Succeeding year	9,830,577	0	0	1,408,780	11,239,357
Income surtax	114,394	0	0	0	114,394
Accounts	25,413	17,633	1,281	75,403	119,730
Due from other governments	569,174	0	416,263	134	985,571
Inventories	51,861	0	0	0	51,861
Prepaid items	14,684	12,023	0	0	26,707
Other	11,436	567	0	0	12,003
TOTAL ASSETS	\$ 16,372,443	365,587	2,791,814	3,104,500	22,634,344
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 361,010	43,113	324,648	138,095	866,866
Loan payable	1,095	0	0	0	1,095
Salaries and benefits payable	2,501,143	1,222	0	0	2,502,365
Deferred revenue:					
Succeeding year property tax	9,830,577	0	0	1,408,780	11,239,357
Income surtax	114,394	0	0	0	114,394
Other	235	0	0	0	235
Total liabilities	12,808,454	44,335	324,648	1,546,875	14,724,312
Fund balances:					
Reserved for:					
Debt service	0	0	250,000	0	250,000
Talented and gifted	10,293	0	0	0	10,293
Dropout prevention	21,357	0	0	0	21,357
Beginning teacher mentoring	9,749	0	0	0	9,749
Statewide voluntary preschool	23,317	0	0	0	23,317
Professional development	6,428	0	0	0	6,428
Market factor	8,916	0	0	0	8,916
Market factor incentives	20,378	0	0	0	20,378
Inventories	51,861	0	0	0	51,861
Prepaid expenses	14,684	0	0	0	14,684
Unreserved:					
Designated for special purpose	37,370	0	0	0	37,370
Undesignated:					
General	3,359,636	0	0	0	3,359,636
Capital projects	0	0	2,217,166	0	2,217,166
Special revenue funds:					
Management levy	0	0	0	926,035	926,035
Physical plant and equipment levy	0	0	0	631,590	631,590
Student activity	0	321,252	0	0	321,252
Total fund balances	3,563,989	321,252	2,467,166	1,557,625	7,910,032
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,372,443	365,587	2,791,814	3,104,500	22,634,344

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2008

Total fund balances of governmental funds(page 28)	\$	7,910,032
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*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,038,720
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(16,544)
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Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,852,846
--	--	-----------

Accounts receivable income surtax are not yet available to finance expenditures of the current fiscal period.		114,394
--	--	---------

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(868,749)</u>
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Net assets of governmental activities(page 26)	\$	<u><u>31,030,699</u></u>
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SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2008

	General	Student Activity	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES:						
Local sources:						
Local tax	\$ 9,436,133	0	0	2,805,605	1,349,856	13,591,594
Tuition	887,606	0	0	0	0	887,606
Other	701,545	798,556	0	160,569	121,035	1,781,705
Intermediate sources	811	0	0	0	0	811
State appropriations	14,396,628	0	0	0	27	14,396,655
Federal appropriations	692,074	0	0	0	0	692,074
Total revenues	26,114,797	798,556	0	2,966,174	1,470,918	31,350,445
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	10,486,198	0	0	0	112,586	10,598,784
Special instruction	3,647,700	0	0	0	0	3,647,700
Other instruction	2,189,333	803,375	0	0	0	2,992,708
	16,323,231	803,375	0	0	112,586	17,239,192
Support services:						
Student services	1,121,017	0	0	0	8,480	1,129,497
Instructional staff services	938,062	6,730	0	0	4,172	948,964
Administration services	2,663,459	112	173,646	0	267,507	3,104,724
Operation and maintenance of plant services	2,102,410	1,512	0	0	181,502	2,285,424
Transportation services	1,034,343	8,966	0	0	356,076	1,399,385
	7,859,291	17,320	173,646	0	817,737	8,867,994
Non-instructional programs:						
Food service operations	0	0	0	0	41	41
	0	0	0	0	41	41
Other expenditures:						
Facilities acquisitions	0	0	0	711,435	465,545	1,176,980
Debt service:						
Principal	0	0	5,930,000	0	0	5,930,000
Fiscal charges	0	0	1,000	0	0	1,000
AEA flowthrough	995,597	0	0	0	0	995,597
	995,597	0	5,931,000	711,435	465,545	8,103,577
Total expenditures	25,178,119	820,695	6,104,646	711,435	1,395,909	34,210,804
Excess(deficiency) of revenues over(under) expenditures	936,678	(22,139)	(6,104,646)	2,254,739	75,009	(2,860,359)
Other financing sources(uses):						
Compensation for loss of fixed assets	4,947	0	0	0	100,000	104,947
Transfers in	33,409	0	6,104,646	0	593	6,138,648
Transfers out	0	(13,061)	0	(6,104,646)	0	(6,117,707)
Total other financing sources(uses)	38,356	(13,061)	6,104,646	(6,104,646)	100,593	125,888
Net changes in fund balances	975,034	(35,200)	0	(3,849,907)	175,602	(2,734,471)
Fund balances beginning of year	2,588,955	356,452	0	6,317,073	1,382,023	10,644,503
Fund balances end of year	\$ 3,563,989	321,252	0	2,467,166	1,557,625	7,910,032

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds(page 30) \$ (2,734,471)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlay	\$ 675,423	
Depreciation expense	<u>(1,463,691)</u>	(788,268)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. (270,205)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 5,930,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 29,018

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	\$ 5,243	<u>5,243</u>
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Changes in net assets of governmental activities(page 27) \$ 2,171,317

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2008

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
<u>ASSETS</u>				
Current assets:				
Cash and pooled investments	\$ 542,129	211,300	753,429	2,013,892
Receivables:				
Accounts	405	97	502	394
Due from other governments	1,775	2,268	4,043	0
Inventories	35,456	0	35,456	0
Prepaid items	0	0	0	3,429
Other	185	2,668	2,853	0
Total current assets	579,950	216,333	796,283	2,017,715
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation(Note 5)	170,740	9,678	180,418	0
Total non-current assets	170,740	9,678	180,418	0
TOTAL ASSETS	750,690	226,011	976,701	2,017,715
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	23,849	694	24,543	164,869
Salaries and benefits payable	1,940	4,182	6,122	0
Unearned revenues	23,040	0	23,040	0
Total current liabilities	48,829	4,876	53,705	164,869
TOTAL LIABILITIES	48,829	4,876	53,705	164,869
<u>NET ASSETS</u>				
Invested in capital assets	170,740	9,678	180,418	0
Unrestricted	531,121	211,457	742,578	1,852,846
Total net assets	\$ 701,861	221,135	922,996	1,852,846

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 870,443	328,260	1,198,703	3,542,685
OPERATING EXPENSES:				
Instruction:				
Regular instruction:				
Other	0	445	445	0
Support services:				
Administration services:				
Salaries	45,766	0	45,766	0
Benefits	20,586	0	20,586	0
Services	3,737	676	4,413	3,913,175
Other	7,536	55	7,591	17,897
Operation and maintenance of plant services:				
Salaries	30,605	0	30,605	0
Benefits	13,767	0	13,767	0
Services	515	144	659	0
Supplies	11,895	0	11,895	0
Transportation services:				
Salaries	0	557	557	0
Benefits	0	77	77	0
Services	1,556	0	1,556	0
Non-instructional programs:				
Salaries	365,251	210,389	575,640	0
Benefits	131,648	41,173	172,821	0
Services	19,112	60	19,172	0
Supplies	619,898	33,375	653,273	3
Depreciation	34,628	1,331	35,959	0
TOTAL OPERATING EXPENSES	1,306,500	288,282	1,594,782	3,931,075
OPERATING INCOME(LOSS)	(436,057)	39,978	(396,079)	(388,390)
NON-OPERATING REVENUES(EXPENSES):				
State sources	14,414	0	14,414	0
Federal sources	414,236	5,739	419,975	0
Loss on disposal of capital assets	(2,788)	0	(2,788)	0
Interest on investments	19,295	8,655	27,950	118,185
TOTAL NON-OPERATING REVENUES(EXPENSES)	445,157	14,394	459,551	118,185
Net income(loss) before transfers	9,100	54,372	63,472	(270,205)
TRANSFERS:				
Transfer in	59	0	59	0
Transfer out	0	(21,000)	(21,000)	0
TOTAL TRANSFERS	59	(21,000)	(20,941)	0
Changes in net assets	9,159	33,372	42,531	(270,205)
Net assets beginning of year	692,702	187,763	880,465	2,123,051
Net assets end of year	\$ 701,861	221,135	922,996	1,852,846

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 875,077	0	875,077	0
Cash received from miscellaneous operating activities	3,144	331,306	334,450	3,542,291
Cash payments to employees for services	(606,576)	(252,227)	(858,803)	0
Cash payments to suppliers for goods or services	(587,381)	(34,484)	(621,865)	(3,898,518)
Net cash provided by(used in) operating activities	(315,736)	44,595	(271,141)	(356,227)
Cash flows from non-capital financing activities:				
State grants received	14,414	0	14,414	0
Federal grants received	337,685	3,471	341,156	0
Transfer from Student Activity fund	59	0	59	0
Transfer to General fund	0	(21,000)	(21,000)	0
Net cash provided by(used in) non-capital financing activities	352,158	(17,529)	334,629	0
Cash flows from capital financing activities and related activities:				
Acquisition of assets	(23,696)	(4,934)	(28,630)	0
Net cash used in capital financing activities and related activities	(23,696)	(4,934)	(28,630)	0
Cash flows from investing activities:				
Interest on investments	19,295	8,655	27,950	118,185
Net cash provided by investing activities	19,295	8,655	27,950	118,185
Net increase(decrease) in cash and cash equivalents	32,021	30,787	62,808	(238,042)
Cash and cash equivalents at beginning of year	510,108	180,513	690,621	2,251,934
Cash and cash equivalents at end of year	\$ 542,129	211,300	753,429	2,013,892

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Day Care	Total	
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (436,057)	39,978	(396,079)	(388,390)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	74,776	0	74,776	0
Depreciation	34,628	1,331	35,959	0
Increase in inventories	(14,707)	0	(14,707)	0
(Increase)Decrease in accounts receivable	5,017	3,046	8,063	(394)
Increase in prepaid expenses	0	0	0	9
Increase in accounts payable	16,799	271	17,070	32,548
Increase(Decrease) in salaries and benefits payable	1,047	(31)	1,016	0
Increase in unearned revenue	2,761	0	2,761	0
Net cash provided by(used in) operating activities	<u>\$ (315,736)</u>	<u>44,595</u>	<u>(271,141)</u>	<u>(356,227)</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR
END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE
SHEET:**

Current assets:

Cash and investments	<u>\$ 542,129</u>	<u>211,300</u>	<u>753,429</u>	<u>2,013,892</u>
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NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$74,776.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND

June 30, 2008

	<u>Agency Fund</u>
ASSETS	
Cash and pooled investments	\$ 11,545
Accounts receivable:	
Other	572
Other current assets	12
Total assets	<u>\$ 12,129</u>
LIABILITIES	
Accounts payable	\$ 496
Due to other groups	11,633
Total liabilities	<u>\$ 12,129</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The North Scott Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton, Iowa, and the predominate agricultural territory in Scott County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, North Scott Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The North Scott Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Scott County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Special Revenues - Student Activity Fund is utilized to account for the various student run organizations and athletic accounts of the District.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is utilized to account for the local option sales tax monies to be used for capital improvements.

The District reports the following nonmajor governmental funds:

The Special Revenues - Management Fund is utilized to account for the payment of property insurance as well as early retirement incentives.

The Special Revenues - Physical Plant and Equipment Levy (PPEL) Fund is utilized to account for capital outlay.

The District reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the Enterprise Funds, School Nutrition Fund and Day Care Fund, and the Internal Service Fund. The School Nutrition Fund is a major fund used to account for the food service operations of the District. The Day Care Fund is a nonmajor fund used to account for the day care service operations of the District. The Internal Service Fund is used to account for the self-funded health insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and Statement of Activities. This chargeback is based on a percentage of total employees by the participants' various functional areas.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

Specific accounts which the District maintains in the Agency Fund include PTA groups, PTO groups, special ed group and various faculty accounts.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund enterprise funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust and IPASeducation which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

E. Property Taxes

Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property taxes revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

F. Inventories

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies, and are recorded as expenditures when consumed rather than when purchased.

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method), or market and food commodities which were received from the federal government and recorded at the contributed value as of the date received.

G. Prepaid Items

The District prepaid items from the General, Student Activity and Internal Service Fund. The District accounts for the prepaid items by using the purchases method. Items prepaid include postage, registration, insurance, software package renewals and subscriptions.

H. Capital Assets

Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Assets	Amounts
Land	\$ 3,000
Buildings	3,000
Land improvements	3,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

Land is not depreciated. Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-15 years

I. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2008, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2008.

J. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

K. Unearned Revenue

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

N. Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

O. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balances are of various resale accounts and a reserve for medicaid administration.

P. Restricted Net Assets

In the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district-wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2008, the instruction, non-instructional programs and other expenditures functional area expenditures were amended for an increase of 8.20%, 6.88% and 12.71%, respectively, to the originally approved budgets.
6. Appropriations lapse at the end of each fiscal year.

7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit and other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2008, the carrying amount of the District's bank deposits and pooled investments totaled \$12,720,359 with bank balances of \$2,317,170. These amounts are included in the cash and pooled investments on the statement of net assets. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,067,170 was covered by a multiple financial institution collateral pool that provided for additional assessments against members of the pool.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 7,488,698

At June 30, 2008, the District had investments in the IPASeducation as follows:

	Amortized Cost
Diversified Portfolio	\$ 1,442,336

The investments are valued at an amortized cost pursuant to Rule 21-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The investments in the IPASeducation are registered and not subject to rating. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services).

Note 4. Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise - Day Care	\$ 21,000
Enterprise - Nutrition	Student Activity	59
Nonmajor Governmental Fund: Management	Student Activity	593
General	Student Activity	12,409
Debt Service	Capital Projects	<u>6,104,646</u>
Total		<u>\$ 6,138,707</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The Enterprise, Day Care Fund reimbursed the General Fund for part of the utility costs paid during the 2007-08 school year.

The Student Activity Fund reimbursed the Enterprise - Nutrition Fund for the vocal music account purchases made during the year.

The Student Activity Fund transferred to the Management Fund to pay for insurance coverage for athletic camps.

The Student Activity Fund repaid the General Fund for rents collected and to correct a transportation allocation.

The Capital Projects Fund transferred to the Debt Service Fund to pay the General Obligation Bonds and Revenue Bonds.

Note 5. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 490,620	28,630	7,801	511,449
Less accumulated depreciation	300,085	35,959	5,013	331,031
Business-type activities capital assets, net	<u>\$ 190,535</u>	<u>(7,329)</u>	<u>2,788</u>	<u>180,418</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 590,594	0	0	590,594
Total capital assets not being depreciated	590,594	0	0	590,594
Capital assets being depreciated:				
Buildings	34,281,843	127,785	0	34,409,628
Land improvements	4,812,275	108,169	0	4,920,444
Machinery and equipment	4,109,542	439,469	170,588	4,378,423
Total capital assets being depreciated	43,203,660	675,423	170,588	43,708,495
Less accumulated depreciation for:				
Buildings	15,935,171	836,154	0	16,771,325
Land improvements	1,971,254	256,685	0	2,227,939
Machinery and equipment	3,060,841	370,852	170,588	3,261,105
Total accumulated depreciation	20,967,266	1,463,691	170,588	22,260,369
Total capital assets being depreciated, net	22,236,394	(788,268)	0	21,448,126
Governmental activities capital assets, net	\$ 22,826,988	(788,268)	0	22,038,720

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 10,792
Other	8,863
Support services:	
Administration	160,468
Operation and maintenance of plant	170,555
Transportation	20,174
	<u>370,852</u>
Unallocated depreciation	<u>1,092,839</u>
Total governmental activities depreciation expense	<u>\$ 1,463,691</u>
Business-type activities:	
Food services	\$ 34,628
Day care	1,331
Total business-type activities depreciation expense	<u>\$ 35,959</u>

Note 6. Related Business Transactions

Business transactions between the District and District employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	\$ 847
Christie Liske, Aide Spouse of Matt Liske	Official	833
Christie Liske, Aide Mother of Kyle Liske	Official	40
Paul Claeys, Bus Driver Owner of P&S Enterprises	Supplies	1,100
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	7,311
Sherri Marcaeau, Principal Spouse of owner of Marceau Piano Service	Repairs	235
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	63
Bill Kessinger, Teacher Spouse of Lee Kessinger	Services	80
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	4,619

Note 7. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2008:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 5,595,000	0	5,595,000	0	0
Revenue bonds	1,050,000	0	335,000	715,000	350,000
Compensated absences	158,992	153,749	158,992	153,749	153,749
Total	<u>\$ 6,803,992</u>	<u>153,749</u>	<u>6,088,992</u>	<u>868,749</u>	<u>503,749</u>

The June 30, 2008 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 731,543,585</u>
Debt limit, 5% of total assessed valuation	\$ 36,577,179
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>715,000</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u>\$ 35,862,179</u>

Revenue Bonds Payable

During the year ended June 30, 2001, the District sold Sales and Services Tax Revenue Bonds in the value of \$2,500,000 to provide funds for the construction of major capital facilities. Repayment of these Bonds will be made by collection of local option sales and services tax. Revenue Bonds are paid from the Debt Service Fund funded by Local Option Sales and Services Tax. Details of the District's June 30, 2008 indebtedness for revenue bonds are as follows:

Year Ending June 30,	Issue dated May 1, 2001			
	Interest Rates	Principal	Interest	Total
2009	4.50 %	\$ 350,000	25,213	375,213
2010	4.75	365,000	8,669	373,669
Total		\$ 715,000	33,882	748,882

The District has pledged future local option sales and services tax revenues to repay the \$715,000 bonds issued in May 2001. The bonds were issued for the purpose of financing the construction of major capital facilities. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$748,882.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$250,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after required transfers to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Note 8. Risk Management

The District has a self-funded health insurance plan, reported as an internal service fund. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$65,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar plan years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,987,840 at March 31, 2008, the last date for which information is available. The incurred but not recorded and unpaid claims liability of \$447,194 reported in the plan at March 31, 2008, is based on the requirements of GASB Statement Number 10, which requires that a liability for claims be reported. At June 30, 2008, the unpaid claims liability of \$447,194 is not reflected in the financial statements due to run out on claims. This is due to the March 31 year end. Current unpaid claims are reflected in the financial statements as accounts payable.

The change in the incurred but not reported and unpaid claims liability for the two years ended June 30, 2008 and 2007 is as follows:

	2008	2007
Balance beginning of year	\$ 132,231	\$ 189,025
Incurred claims and claim adjustments	3,931,156	3,861,573
Payment of claims	3,898,518	3,918,277
Balance end of year	<u>\$ 164,869</u>	<u>\$ 132,321</u>

In addition, the District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 9. Due from Other Governments

Amount due from other governments by fund as of June 30, 2008 are as follows:

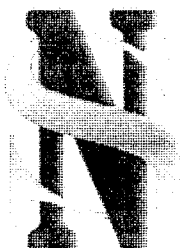
	General Fund	Capital Projects Fund	Physical Plant and Equipment Levy Fund	Management Fund	Enterprise - Nutrition Fund	Enterprise - Day Care Fund	Total
Local appropriation							
Tuition	\$ 282,139	0	0	0	0	0	282,139
Gas Tax Refund	4,382	0	0	0	0	0	4,382
Mobile Home Tax	574	0	56	25	0	0	655
Local Option Sales and Services Tax	0	416,263	0	0	0	0	416,263
Total local appropriations	287,095	416,263	56	25	0	0	703,439
Intermediate appropriations:							
IDM Grant	811	0	0	0	0	0	811
State appropriations:							
Nonpublic Transportation	4,431	0	0	0	0	0	4,431
State Aid	10,236	0	0	0	0	0	10,236
Juvenile Court	7,148	0	0	0	0	0	7,148
DCAT Preschool	34,520	0	53	0	0	0	34,573
State Tuition Aid	0	0	0	0	0	2,010	2,010
Total state appropriations	56,335	0	53	0	0	2,010	58,398
Federal appropriations:							
Medicaid	646	0	0	0	0	0	646
Smaller Learning Communities	6,351	0	0	0	0	0	6,351
Advance Placement Program	270	0	0	0	0	0	270
QAR Sped Agreement	359	0	0	0	0	0	359
Drug Free	595	0	0	0	0	0	595
Title I	44,921	0	0	0	0	0	44,921
Part B	73,617	0	0	0	0	0	73,617
Second Chance Reading	328	0	0	0	0	0	328
Home School Assistance	7,759	0	0	0	0	0	7,759
Title IIA	90,087	0	0	0	0	0	90,087
Beef Recall	0	0	0	0	1,775	0	1,775
Summer Food Program	0	0	0	0	0	258	258
Total federal appropriations	224,933	0	0	0	1,775	258	226,966
Total	\$ 569,174	416,263	109	25	1,775	2,268	989,614

Note 10. Pension and Retirement Benefits

North Scott Community School District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

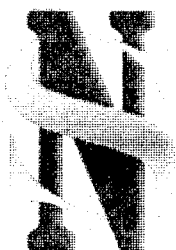
Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$969,490, \$877,106 and \$846,963 respectively, equal to the required contributions for each year. The District is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

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REQUIRED SUPPLEMENTARY INFORMATION

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NORTH SCOTT COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance - Positive (Negative)
Revenues:						
Local sources	\$ 16,260,905	1,226,653	17,487,558	16,059,783	16,059,783	1,427,775
Intermediate sources	811	0	811	0	0	811
State sources	14,396,655	14,414	14,411,069	13,851,553	13,851,553	559,516
Federal sources	692,074	419,975	1,112,049	1,170,901	1,170,901	(58,852)
Total revenues	31,350,445	1,661,042	33,011,487	31,082,237	31,082,237	1,929,250
Expenditures:						
Instruction	17,239,192	445	17,239,637	16,387,331	17,730,922	491,285
Support services	8,867,994	137,472	9,005,466	9,129,523	9,129,523	124,057
Non-instructional programs	41	1,456,865	1,456,906	1,454,000	1,554,000	97,094
Other expenditures	8,103,577	0	8,103,577	7,865,596	8,865,596	762,019
Total expenditures	34,210,804	1,594,782	35,805,586	34,836,450	37,280,041	1,474,455
Excess(deficiency) of revenues over(under) expenditures	(2,860,359)	66,260	(2,794,099)	(3,754,213)	(6,197,804)	3,403,705
Other financing sources(uses), net	125,888	(23,729)	102,159	3,000	3,000	99,159
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(2,734,471)	42,531	(2,691,940)	(3,751,213)	(6,194,804)	3,502,864
Balance beginning of year	10,644,503	880,465	11,524,968	10,683,478	10,683,478	841,490
Balance end of year	\$ 7,910,032	922,996	8,833,028	6,932,265	4,488,674	4,344,354

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008**

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$2,443,591.

OTHER SUPPLEMENTARY INFORMATION

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2008

	<u>Management Fund</u>	<u>Physical Plant and Equipment Fund</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 922,903	679,257	1,602,160
Receivables:			
Property tax:			
Current year delinquent	5,381	12,642	18,023
Succeeding year	375,000	1,033,780	1,408,780
Accounts	403	75,000	75,403
Due from other governments	25	109	134
TOTAL ASSETS	\$ 1,303,712	1,800,788	3,104,500
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,677	135,418	138,095
Deferred revenue:			
Succeeding year property tax	375,000	1,033,780	1,408,780
Total liabilities	377,677	1,169,198	1,546,875
Fund balances:			
Unreserved:			
Undesignated	926,035	631,590	1,557,625
Total fund balances	926,035	631,590	1,557,625
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,303,712	1,800,788	3,104,500

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2008

	Management Fund	Physical Plant and Equipment Fund	Total
REVENUE:			
Local sources:			
Local tax	\$ 399,871	949,985	1,349,856
Other	66,660	54,375	121,035
State sources	8	19	27
TOTAL REVENUE	466,539	1,004,379	1,470,918
EXPENDITURES:			
Current:			
Instruction:			
Regular instruction	112,586	0	112,586
Support services:			
Student support services	8,480	0	8,480
Instructional staff services	4,172	0	4,172
Administration services	17,010	250,497	267,507
Operation and maintenance of plant services	152,205	29,297	181,502
Transportation services	35,276	320,800	356,076
Non-instructional programs:			
Food service operations	41	0	41
Other expenditures:			
Facilities acquisitions	0	465,545	465,545
TOTAL EXPENDITURES	329,770	1,066,139	1,395,909
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	136,769	(61,760)	75,009
OTHER FINANCING SOURCES:			
Transfer in	593	0	593
Compensation for loss of fixed assets	0	100,000	100,000
	593	100,000	100,593
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	137,362	38,240	175,602
FUND BALANCES BEGINNING OF YEAR	788,673	593,350	1,382,023
FUND BALANCES END OF YEAR	\$ 926,035	631,590	1,557,625

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

Year ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
AGENCY				
ASSETS				
Cash and pooled investments	\$ 21,559	19,503	29,517	11,545
Accounts receivable	526	572	526	572
Other current assets	0	12	0	12
Total assets	<u>\$ 22,085</u>	<u>20,087</u>	<u>30,043</u>	<u>12,129</u>
LIABILITIES				
Accounts payable	\$ 1,650	496	1,650	496
Due to other groups	20,435	19,591	28,393	11,633
Total liabilities	<u>\$ 22,085</u>	<u>20,087</u>	<u>30,043</u>	<u>12,129</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION (UNAUDITED)

This part of the North Scott Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	60-66
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	67-70
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	
Debt Capacity	71-76
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	77-79
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	80-83
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	
Miscellaneous Information	84-96
These schedules offer additional insight to pertinent District data to inform the reader about the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT,
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities:						
Invested in capital assets, net of related debt	\$ 21,323,720	16,136,426	16,338,609	17,053,299	15,378,575	15,203,701
Restricted	4,426,103	8,105,764	6,446,875	4,203,806	4,671,828	3,382,832
Unrestricted	5,280,876	4,617,192	2,921,963	2,431,642	2,740,041	3,568,120
Business-type activities:						
Invested in capital assets, net of related debt	180,418	190,535	202,183	238,699	212,679	220,569
Unrestricted	742,578	689,930	638,238	548,723	527,089	445,754
Total primary government net assets	\$ 31,953,695	29,739,847	26,547,868	24,476,169	23,530,212	22,820,976

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE,
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Expenses:						
Governmental activities:						
Regular instruction	\$ 10,697,340	9,496,767	8,881,122	9,087,347	8,872,102	9,037,968
Special instruction	3,710,766	3,533,485	3,312,774	3,330,825	3,860,845	3,543,894
Other instruction	3,011,542	2,725,782	3,143,272	2,776,028	1,900,640	1,921,951
Student services	1,143,007	983,375	1,053,450	996,404	960,019	903,076
Instructional staff services	967,017	911,261	959,041	1,081,274	1,112,320	1,125,819
Administration services	3,184,685	2,778,116	2,774,473	2,540,841	2,288,419	2,102,576
Operation and maintenance of plant services	3,388,922	3,153,906	2,719,579	2,802,972	2,994,156	3,268,564
Transportation services	1,101,054	1,030,894	943,077	914,674	820,488	832,498
Food service operations	11,788	0	0	34,870	5,568	3,858
Community service and education program	459	0	0	0	630	438
Interest on long-term debt	0	324,270	365,211	389,471	431,572	447,832
AEA flowthrough	995,597	939,091	866,735	821,910	806,571	840,688
Depreciation(unallocated)	1,092,839	1,084,326	1,073,479	1,024,602	674,973	1,016,483
Total governmental activities	29,305,016	26,961,273	26,092,213	25,801,218	24,728,303	25,045,645
Business-type activities:						
Nutrition services	1,309,288	1,264,732	1,259,809	1,156,314	1,143,070	1,049,763
Day care services	288,282	261,488	235,201	204,050	179,277	165,037
Total business-type activities	1,597,570	1,526,220	1,495,010	1,360,364	1,322,347	1,214,800
Total primary government expenses	30,902,586	28,487,493	27,587,223	27,161,582	26,050,650	26,260,445
Program Revenues						
Governmental activities:						
Charges for services	1,783,212	1,793,719	2,039,998	1,979,052	1,981,132	1,926,859
Operating grants and contributions	3,691,583	3,048,452	2,518,129	2,255,327	2,118,635	2,123,900
Capital grants and contributions	4,380	28,000	49,299	47,050	0	0
Total governmental activities	5,479,175	4,870,171	4,607,426	4,281,429	4,099,767	4,050,759
Business-type activities:						
Charges for services	1,198,703	1,129,421	1,122,406	1,057,405	994,988	928,978
Operating grants and contributions	434,389	417,065	418,974	416,149	406,631	359,537
Total business-type activities	1,633,092	1,546,486	1,541,380	1,473,554	1,401,619	1,288,515
Total primary government revenues	7,112,267	6,416,657	6,148,806	5,754,983	5,501,386	5,339,274
Net (Expense)/Revenues						
Total governmental activities	(23,825,841)	(22,091,102)	(21,484,787)	(21,519,789)	(20,628,536)	(20,994,886)
Total business-type activities	35,522	20,266	46,370	113,190	79,272	73,715
Total primary government net expense	\$ (23,790,319)	(22,070,836)	(21,438,417)	(21,406,599)	(20,549,264)	(20,921,171)

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS,
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2008	2007	2006	2005	2004
Net (Expense)/Revenues					
Total governmental activities	\$ (23,825,841)	(22,091,102)	(21,484,787)	(21,519,789)	(20,628,536)
Total business-type activities	35,522	20,266	46,370	113,190	79,272
Total primary government net expense	(23,770,319)	(22,070,836)	(21,438,417)	(21,406,599)	(20,549,264)
					(20,921,171)

General Revenues and Other Changes in Net Assets
Governmental activities:

Taxes:					
Property taxes levied for general purposes*	9,703,082	9,527,903	9,168,880	8,901,542	9,171,635
Property taxes levied for capital projects	949,985	935,394	901,676	878,876	2,303,861
Income surtax	132,922	146,216	0	0	0
Sales tax	2,805,605	2,676,941	2,460,328	2,371,557	0
Unrestricted grants and contributions	11,688,064	11,154,999	10,558,269	9,970,358	9,693,706
Miscellaneous	253,692	126,534	9,575	1,685	8,426
Investment earnings	442,867	655,050	389,759	214,830	76,699
Transfers	20,941	0	0	0	0
Total governmental activities	25,997,158	25,223,037	23,488,487	22,338,848	21,254,327
Business-type activities:					
Miscellaneous	0	0	0	0	350
Investment earnings	27,950	39,778	21,629	13,708	3,823
Transfers	(20,941)	0	0	0	0
Total business-type activities	7,009	39,778	21,629	13,708	4,173
Total primary government	26,004,167	25,262,815	23,510,116	22,352,556	21,258,500
					20,756,854

Changes in Net Assets					
Total governmental activities	2,171,317	3,131,935	2,003,700	819,059	625,791
Total business-type activities	42,531	60,044	67,999	126,898	83,445
Total primary government	\$ 2,213,848	3,191,979	2,071,699	945,957	709,236
					(164,317)

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

* Changes in property tax revenues are a product of underlying changes in property values and tax rates.
See Pages 66-70

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	\$ 204,353	166,182	140,555	135,873	10,360	23,041	178,443	153,521	227,433	209,939
Unreserved	3,359,636	2,422,773	1,224,856	885,762	1,430,053	2,689,507	2,888,763	2,365,366	1,253,646	158,395
Total general fund	3,563,989	2,588,955	1,365,411	1,021,635	1,440,413	2,712,548	3,067,206	2,518,887	1,481,079	368,334
All Other Governmental Funds										
Reserved	250,000	3,028	8,063	0	0	0	0	0	0	267,462
Unreserved, reported in:										
Capital projects funds	2,217,166	6,317,073	4,738,445	4,214,303	3,373,117	2,386,125	1,766,682	4,386,884	2,975,727	4,933,963
Special revenue funds	1,878,877	1,735,447	1,811,434	1,850,071	1,742,652	1,478,934	1,210,607	1,068,776	902,196	908,163
Total all other governmental funds	4,346,043	8,055,548	6,557,942	6,064,374	5,115,769	3,865,059	2,977,289	5,455,660	3,877,923	6,109,588
Total governmental funds	\$ 7,910,032	10,644,503	7,923,353	7,086,009	6,556,182	6,577,607	6,044,495	7,974,547	5,359,002	6,477,922

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Local sources:										
Property taxes	\$ 10,653,067	10,463,297	10,070,556	9,776,747	9,183,015	8,941,312	8,872,287	8,738,657	7,902,978	8,303,356
Income surtax	132,922	123,750	0	0	0	0	0	0	0	0
Local option sales and services taxes	2,805,605	2,676,941	2,460,328	2,371,557	2,303,861	2,231,212	2,324,759	1,893,836	2,105,717	0
Interest income	442,867	655,050	389,759	214,830	76,699	153,031	324,563	641,518	622,043	694,038
Other revenues	2,226,444	2,253,911	2,089,297	2,026,102	1,981,132	1,926,859	1,991,744	1,714,344	1,666,400	1,722,570
Total local sources	16,200,905	16,172,949	15,009,940	14,389,236	13,544,707	13,252,414	13,513,353	12,988,355	12,297,138	10,719,964
Intermediate sources										
Other revenues	811	1,195	4,550	14,596	0	935	0	0	0	0
Total intermediate sources	811	1,195	4,550	14,596	0	935	0	0	0	0
State sources:										
State education finance program	11,587,694	10,981,156	10,418,253	9,860,688	9,554,699	9,200,270	9,198,825	9,393,609	9,244,263	8,887,466
Other state grants	2,808,961	2,152,949	1,917,782	1,675,568	1,649,543	1,852,349	2,021,043	1,791,632	1,724,616	1,625,793
Total state sources	14,396,655	13,134,105	12,336,035	11,536,256	11,204,242	11,052,619	11,219,868	11,185,241	10,968,879	10,513,259
Federal sources:										
Federal grants	692,074	751,496	735,813	674,833	608,099	388,656	369,326	274,138	353,275	254,905
Total federal sources	692,074	751,496	735,813	674,833	608,099	388,656	369,326	274,138	353,275	254,905
Total revenues	\$ 31,350,445	30,059,745	28,086,338	26,614,921	25,357,048	24,694,624	25,102,547	24,447,734	23,619,292	21,488,128

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT RATIO,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
\$	10,598,784	9,751,985	9,022,917	9,316,756	9,234,071	8,833,785	8,799,403	8,307,280	7,989,901	7,724,455
Regular instruction	3,647,700	3,644,447	3,343,311	3,382,905	3,947,774	3,560,511	3,044,665	2,679,419	2,385,283	2,166,857
Special instruction	2,992,708	2,735,006	3,139,649	2,771,396	1,915,423	1,919,061	1,798,888	1,874,476	1,740,211	1,706,955
Other instruction	1,129,497	1,007,146	1,059,475	1,015,187	967,602	907,233	875,513	780,644	711,573	666,470
Student services	948,964	937,307	976,259	1,111,963	1,097,792	1,130,068	1,094,155	1,338,727	1,277,091	1,335,155
Instructional staff services	3,104,724	2,702,672	2,695,929	2,363,462	2,230,184	1,975,959	1,937,101	1,954,084	1,869,244	1,912,687
Administration services	2,285,424	2,231,316	2,194,131	2,247,570	2,209,956	2,099,465	1,884,026	1,981,390	1,739,469	1,564,998
Operation and maintenance of plant services	1,399,385	1,244,113	1,131,221	1,054,730	968,457	818,105	917,150	1,060,559	1,014,067	774,604
Transportation services	41	10,956	22,166	4,104	13,903	4,065	1,971	571	1,242	1,947
Food service operations	0	0	0	0	630	438	0	0	0	0
Community service and education program										
Capital outlay	1,176,980	1,082,444	1,733,138	994,402	924,800	1,030,566	5,077,425	3,046,855	4,365,758	3,893,216
Facilities acquisition/construction	995,597	939,091	866,735	821,910	806,571	840,688	842,394	865,361	838,767	816,747
AEA flowthrough										
Debt service	5,930,000	750,000	715,000	685,000	655,000	610,000	340,000	325,000	353,706	170,000
Principal	1,000	333,109	373,638	396,638	424,736	450,968	435,326	378,181	452,214	309,576
Interest and fiscal charges										
Total expenditures	34,210,804	27,369,592	27,273,569	26,166,023	25,396,899	24,180,912	27,048,017	24,592,547	24,738,526	23,043,667

Debt service as a percentage of noncapital expenditures

17.95% 4.12% 4.26% 4.30% 4.41% 4.58% 3.53% 3.26% 3.96% 2.50%

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Excess of revenues over (under) expenditures	\$ (2,860,359)	2,690,153	812,769	448,898	(39,851)	513,712	(1,945,470)	(144,813)	(1,119,234)	(1,555,539)
Other Financing Sources (Uses)										
Long-term debt issued	0	0	0	0	0	0	0	2,517,559	0	3,130,000
Proceeds from sale of equipment	0	10,997	9,575	1,685	8,321	875	418	219,292	1,579	9,454
Compensation for loss of fixed assets	104,947	0	0	0	105	8,525	0	23,507	32	0
Transfer in	6,138,648	1,131,315	1,110,129	1,178,578	1,089,736	1,070,968	790,841	703,181	636,438	26,232
Transfer out	(6,117,707)	(1,111,315)	(1,095,129)	(1,099,334)	(1,079,736)	(1,060,968)	(775,841)	(703,181)	(636,438)	(26,232)
Total other financing sources (uses)	125,888	30,997	24,575	80,929	18,426	19,400	15,418	2,760,358	1,611	3,139,454
Net change in fund balance	\$ (2,734,471)	2,721,150	837,344	529,827	(21,425)	533,112	(1,930,052)	2,615,545	(1,117,623)	1,583,915

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2008	\$ 349,808,854	\$ 254,925,672	\$ 138,682,265	\$ 1,635,312	\$ 741,781,479	\$ 15.12311
2007	318,991,324	223,452,153	146,622,429	1,601,976	687,463,930	15.18338
2006	307,576,363	215,835,281	147,204,843	1,563,084	669,053,403	15.17814
2005	291,046,294	204,959,840	143,959,212	1,548,270	638,417,076	15.12320
2004	277,731,374	204,509,254	142,744,853	1,536,850	623,448,631	15.03382
2003	256,445,451	172,132,325	161,673,916	1,507,528	588,744,164	14.99307
2002	250,810,845	182,928,264	146,190,615	1,531,604	578,398,120	15.32122
2001	238,515,278	161,893,378	143,635,212	1,557,532	542,486,336	15.66165
2000	227,391,727	159,752,353	136,402,148	1,564,940	521,981,288	15.70745
1999	202,721,208	126,821,707	164,074,266	1,564,940	492,052,241	15.76085

Source: Scott County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year.

(a) Per \$1,000 of assessed value.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES,
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates			College Area IX	City of Bettendorf	City of Davenport	City of Dixon	City of Donahue	City of Eldridge	City of Long Grove	City of Maysville	City of McCausland	City of Princeton
	General Purposes	Capital Purposes	Debt Service										
			Total										
2008	\$ 13,82311	\$ 1,30000	\$ -	\$ 15,12311	\$ 12,95000	\$ 15,24000	\$ 8,10000	\$ 5,42517	\$ 6,64795	\$ 8,10000	\$ 5,16097	\$ 8,10000	\$ 9,02314
2007	13,87814	1,30000	-	15,17814	12,60000	15,56702	8,10000	5,43321	6,64800	8,39529	5,16094	8,10000	8,97804
2006	13,82320	1,30000	-	15,12320	12,34952	15,24000	8,10000	5,42517	6,64795	8,10000	5,16097	8,10000	9,02314
2005	13,73382	1,30000	-	15,03382	12,34932	15,24000	8,09986	5,15138	6,37555	7,89977	4,85690	7,91705	9,30739
2004	14,02122	1,30000	-	15,32122	11,85000	14,63000	8,09986	5,15138	6,37555	7,89977	4,85690	7,91705	9,30739
2003	14,02122	1,30000	-	15,32122	11,85000	14,63000	8,09986	5,15138	6,37555	7,89977	4,85690	7,91705	9,30739
2002	14,36165	1,30000	-	15,66165	10,45550	14,60301	8,09975	5,20471	6,37553	7,87004	4,76008	7,64697	9,30742
2001	14,40745	1,30000	-	15,70745	11,46317	14,63429	7,92961	5,14553	6,37566	7,50571	4,31483	7,64701	7,15950
2000	14,46085	1,30000	-	15,76085	11,49320	13,95123	8,09981	5,31451	6,46747	6,99376	4,60923	7,91701	6,69112
1999	14,94134	1,30000	1,49114	17,73248	11,45555	13,96012	8,09974	5,25586	7,16197	5,78412	3,99799	6,52507	6,69140

Source: Scott County Auditor's Office

Note:

* Includes levies for operating and debt service costs.

The District has certain restrictions on raising the property tax rate.

General Fund

The District's enrollment as well as district property value and state aid is formula calculated to determine the maximum amount of allowable funding.

This maximum amount is applied to the property tax value to determine the maximum levy for the General Fund.

Special Revenue Funds

The Special Revenue Fund, PPEL has a restriction from voters of \$1.00 and board imposed levy up to \$0.33.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Name of Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere and Company Inc.	\$ 22,375,800	1	2.9557 %	\$ 27,234,945	1	5.5350 %
Davenport-Durler Family Trust	20,554,200	2	2.7151	-		-
Alliance Pipeline	17,787,826	3	2.3496	-		-
Petersen Properties LC	12,112,100	4	1.5999	18,109,100	2	3.6803
Mid America Energy	10,425,674	5	1.3772	9,115,920	4	1.8526
Northern Border Pipeline Co.	9,390,595	6	1.2404	-		-
Blue Dog LLC	7,228,490	7	0.9548	-		-
The Bawden Corp.	6,786,570	8	0.8965	9,546,193	3	1.9401
Murray Enterprises LTD	5,860,400	9	0.7741	5,526,230	6	1.1231
Central Scott Telephone Co.	5,426,265	10	0.7168	6,940,944	5	1.4106
Iowa Electric Light & Power Co.	-		-	4,534,563	7	0.9216
Convoy Realty LLC	-		-	3,374,980	8	0.6859
River Valley Cooperative	-		-	3,083,031	9	0.6266
Davenport Farm & Fleet Inc.	-		-	2,931,100	10	0.5957
Total	\$ 95,572,120		12.6244 %	\$ 63,162,061		12.8365 %

Source: Scott County Auditor.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Percentage of Levy	Percentage of Levy
		Amount	Amount			
2008	\$ 10,657,685	\$ 10,653,067	99.96%	\$ N/A	\$ 10,653,067	99.96%
2007	10,443,492	10,469,764	100.25%	3,163	10,469,764	100.25%
2006	9,967,028	9,678,833	97.11%	14,298	9,693,131	97.25%
2005	9,676,444	9,721,157	100.46%	55,590	9,776,747	101.04%
2004	9,141,191	9,152,693	100.13%	30,322	9,183,015	100.46%
2003	9,366,112	8,932,147	95.37%	9,165	8,941,312	95.46%
2002	8,828,166	8,780,978	99.47%	2,903	8,783,881	99.50%
2001	8,499,469	8,634,891	101.59%	3,980	8,638,871	101.64%
2000	8,000,522	7,816,447	97.70%	N/A	7,816,447	97.70%
1999	8,207,781	8,209,549	100.02%	N/A	8,209,549	100.02%

Source: Scott County Auditor and School District financial records.

Note: N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS

Fiscal Year	Loan Payable	General		Revenue Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
		Obligation Bonds					
2008	\$ -	\$ -	\$ -	\$ 715,000	\$ 715,000	N/A	\$ 53
2007	-	5,595,000	1,050,000	6,645,000	6,645,000	N/A	497
2006	-	6,025,000	1,370,000	7,395,000	7,395,000	22.17 %	553
2005	-	6,435,000	1,675,000	8,110,000	8,110,000	24.31	606
2004	-	6,825,000	1,970,000	8,795,000	8,795,000	28.27	658
2003	-	7,200,000	2,250,000	9,450,000	9,450,000	32.70	707
2002	-	7,560,000	2,500,000	10,060,000	10,060,000	37.13	752
2001	-	7,900,000	2,500,000	10,400,000	10,400,000	40.15	778
2000	-	8,225,000	-	8,225,000	8,225,000	33.72	544
1999	98,926	8,480,000	-	-	8,578,926	35.79	568

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

* See Page 77 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A = not available.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO ASSESSED VALUES,
LAST TEN YEARS

<u>Year (Of Collection)</u>	<u>Estimated Actual Value Of Taxable Property</u>	<u>Total Primary Government Outstanding Debt</u>	<u>Net Bonded Debt</u>	<u>Amount Restricted For Repayment Of Outstanding Debt</u>	<u>Ratio Of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita*</u>
2008-09	\$ 757,042,952	\$ 868,749	\$ 715,000	\$ 250,000	0.09 %	\$ 53
2007-08	702,812,685	6,803,992	6,645,000	250,000	0.95	497
2006-07	685,318,055	7,602,377	7,395,000	250,000	1.08	553
2005-06	654,803,524	8,504,625	8,110,000	250,000	1.24	606
2004-05	640,604,822	9,389,334	8,795,000	250,000	1.37	658
2003-04	606,472,423	10,112,955	9,450,000	250,000	1.56	707
2002-03	595,758,092	10,478,305	10,060,000	250,000	1.69	752
2001-02	559,838,351	10,818,639	7,900,000	250,000	1.85	591
2000-01	521,981,288	8,575,904	8,225,000	250,000	1.58	544
1999-00	492,052,241	8,967,485	8,480,000	-	1.72	561

Source: Scott County Auditor, Iowa Department of Management and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

* See Page 77 for personal income and population data. This ratio is calculated using personal income and population for the prior calander year.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

RATIO OF ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES,
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Principal and Interest</u>	<u>Total General Fund Expenditures</u>	<u>Ratio Of Debt Service To Total General Expenditures</u>	
2008	\$ 5,930,000	\$ 173,647	\$ 6,103,647	\$ 25,178,119	24.24	%
2007	750,000	333,109	1,083,109	23,758,050	4.56	
2006	715,000	367,638	1,082,638	22,851,808	4.74	
2005	685,000	396,038	1,081,038	22,391,442	4.83	
2004	655,000	424,736	1,079,736	21,743,927	4.97	
2003	610,000	450,968	1,060,968	20,768,083	5.11	
2002	340,000	435,326	775,326	19,942,394	3.89	
2001	325,000	378,181	703,181	19,578,293	3.59	
2000	255,000	447,045	702,045	18,476,712	3.80	
1999	150,000	303,363	453,363	17,850,564	2.54	

Source: School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	\$ 731,543,585
Debt limit (5% of assessed value)	36,577,179
Debt applicable to limit	715,000
Legal debt margin	\$ 35,862,179

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	\$ 36,577,179	\$ 35,867,384	\$ 34,695,901	\$ 32,740,176	\$ 32,030,241	\$ 30,323,621	\$ 29,787,905	\$ 27,991,918	\$ 26,099,064	\$ 24,602,612
Total net debt applicable to limit	715,000	6,645,000	7,395,000	8,110,000	8,795,000	9,450,000	10,060,000	7,900,000	8,225,000	8,480,000
Legal debt margin	35,862,179	29,222,384	27,300,901	24,630,176	23,235,241	20,873,621	19,727,905	20,091,918	17,874,064	16,122,612
Total net debt applicable to the limit as a percentage of debt limit	1.95%	18.53%	21.31%	24.77%	27.46%	31.16%	33.77%	28.22%	31.51%	34.47%

74 Source: Iowa Department of Management, Scott County Auditor's Office and School District financial records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT,
AS OF JUNE 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Scott County	\$ 8,760,000	11.79 %	\$ 1,032,901
Eastern Iowa Community College	49,585,000	7.32	3,629,484
City of Bettendorf	62,360,000	0.13	78,485
City of Davenport	135,675,000	3.34	4,527,420
City of Eldridge	5,260,000	100.00	5,260,000
City of Princeton	1,000,000	100.00	1,000,000
Subtotal, overlapping debt			15,528,290
District direct debt			868,749
Total direct and overlapping debt			<u>\$ 16,397,039</u>

Source: Scott County Auditor.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This statistical page estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the North Scott School District by the total value for that taxing authority; 2006 assessed values are used.)

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE, LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds*				
	Revenue	Debt Service		Coverage	
		Principal	Interest		
2008	\$ 2,805,605	\$ 335,000	\$ 40,625	7.47	
2007	2,676,941	320,000	55,362	7.13	
2006	2,460,328	305,000	69,425	6.57	
2005	2,371,557	295,000	81,966	6.29	
2004	2,303,861	280,000	92,895	6.18	
2003	2,231,212	250,000	102,645	6.33	
2002	2,324,759	-	71,430	32.55	
2001	-	-	-	-	
2000	-	-	-	-	
1999	-	-	-	-	

Source: School District records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

* These bonds are backed by a one-cent local option sales and service tax.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN CALENDAR YEARS

Calendar Year	Population(a)	Personal Income(b) (thousands of dollars)	Per Capita Personal Income	Scott County Area Unemployment Rate(c)
2008	13,372	N/A	N/A	4.0 *%
2007	13,372	N/A	N/A	3.6 *
2006	13,372	\$ 333,573,979	\$ 24,946	3.8 *
2005	13,372	311,086,171	23,264	4.6 *
2004	13,372	288,967,490	21,610	4.6 *
2003	13,372	270,927,404	20,261	4.1 *
2002	13,372	258,997,274	19,369	3.9 *
2001	15,112	243,923,540	16,141	3.5
2000	15,112	239,719,673	15,863	2.2
1999	15,112	250,751,260	16,593	3.0

Source:

(a) U.S. Census Bureau

(b) Iowa Department of Revenue

(c) Iowa Workforce Development

Notes: N/A = not available.

* Based on a ten month period, January through October.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO**

Employer	2008			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
<u>Scott County</u>						
Genesis Medical Center	4,900	1	5.4180 %	\$ 2,900	1	1.1 %
ALCOA	2,250	2	2.4878	2,500	2	1.0
Kraft Foods, Inc./Oscar Mayer	1,650	3	1.8244	-	-	-
Isle of Capri	1,050	4	1.1610	1,200	4	0.5
Mid American Energy	1,025	5	1.1333	-	-	-
APAC Customer Service	900	6	0.9951	550	9	0.2
United Parcel Service	590	7	0.6524	560	8	0.2
Von Maur Inc.	560	8	0.6192	450	10	0.2
Quad City Times	450	9	0.4976	-	-	-
Von Hoffman Inc.	445	10	0.4920	-	-	-
Oscar Mayer	-	-	-	1,660	3	0.6
Lady Luck Casino - Bettendorf	-	-	-	1,050	5	0.4
President Riverboat Casino and Blackhawk Hotel	-	-	-	1,000	6	0.4
Deere and Company	-	-	-	850	7	0.3
Total for Scott County	13,820		15.2808 %	12,720		4.9 %
<u>Rock Island County</u>						
Rock Island Arsenal	7,270	1	9.0424 %	\$ 6,750	1	9.0 %
Deere and Company	6,300	2	7.8359	5,491	2	7.3
Trinity Regional Medical Center	2,900	3	3.6070	2,147	4	2.9
Tyson Fresh Meats, Inc.	2,400	4	2.9851	2,200	3	2.9
Xpac (Export Packaging, Inc.)	1,195	5	1.4863	700	8	0.9
Group O Companies	800	6	0.9950	600	9	0.8
AT&T	700	7	0.8707	-	-	-
Xpac (Export Packaging, Inc.)	610	8	0.7587	580	10	0.8
Sears Manufacturing	600	9	0.7463	-	-	-
Kone, Inc.	N/A	10	N/A	-	-	-
HyVee Food Stores	-	-	-	2,000	5	2.7
Case Corporation	-	-	-	1,500	6	2.0
Illini Hospital	-	-	-	800	7	1.1
Total for Rock Island County	22,775		28.3274 %	22,768		30.4 %

Source:

2008 Information is from Bi-State Planning and Iowa Workforce Development Website/Labor Force.

1999 Information is not available. This is due to software changes at Bi-State Planning.

1998 Information is received from Illinois Department of Commerce and Community Affairs, Office of Policy Development, Planning and Research/Illinois Department of Employment Security Top Employer List - 3/27/98, Iowa Workforce Development, Research and Information Services Division - 3/19/98.

Provided by: Bi-State Regional Commission.

Notes: Arsenal Employees include military personnel, tenants and contractors.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE,
LAST TEN FISCAL YEARS

	Full-time-Equivalent Employees as of June 30,										Percentage Change 1999-2008
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Supervisory											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00 %
Principals	7.0	7.0	8.0	7.5	7.0	7.0	7.0	7.0	7.0	7.0	0.00
Assistant Principals	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	-	100.00
District Secretary	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.00
Other Officials/Administrators	-	-	-	2.0	2.0	3.0	3.0	2.0	2.0	1.0	(100.00)
Total supervisory	10.3	10.3	11.3	12.8	12.3	12.3	12.3	11.3	11.3	9.3	10.75
Instruction:											
Classroom Teachers	150.4	144.0	147.6	179.1	160.1	153.1	155.2	156.9	156.8	152.8	(1.57)
Special Education	32.0	35.2	35.5	-	-	-	-	-	-	-	100.00
Special Programs	2.8	2.8	2.4	38.8	51.0	45.0	41.3	37.8	36.3	33.0	(91.52)
Vocational Teachers	10.0	10.2	11.0	-	-	-	-	-	-	-	100.00
Teacher Aides	67.6	67.2	71.2	65.3	58.9	51.9	57.6	35.9	44.5	40.0	69.00
Instructional Technology Technicians	3.0	2.0	2.0	-	-	-	-	-	-	-	100.00
Other Instructional Programs	11.1	10.9	12.5	2.0	3.3	5.3	2.0	1.5	1.0	1.3	100.00
Total instruction	276.9	272.3	282.2	285.2	273.3	255.3	256.1	232.1	238.6	227.1	21.93
Student services:											
Social Workers	-	-	1.0	-	-	-	-	-	-	-	0.00
Counselors	10.0	10.0	11.0	11.0	11.0	10.0	10.0	8.8	7.8	7.8	28.21
Library/Media Specialists	4.3	4.2	4.6	4.6	5.3	5.3	6.0	6.0	6.0	6.0	(28.33)
Curriculum Specialists	-	-	-	-	-	-	-	-	-	-	(100.00)
Nurses	5.3	5.3	5.3	5.4	4.9	4.9	4.9	4.8	4.8	4.8	10.42
Total student services	19.6	19.5	20.9	21.0	21.2	20.2	20.9	19.6	18.6	18.6	5.38
Support and Administration:											
Other Support Services	2.0	2.0	2.0	8.8	-	-	-	-	-	-	100.00
Office/Clerical Personnel	26.2	23.2	21.9	24.5	22.5	22.2	23.5	21.5	20.0	23.2	12.93
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00
Other Professional Employees	-	-	1.5	1.0	-	-	6.3	4.8	5.3	6.0	(100.00)
Technology Specialist	1.0	0.6	1.0	-	-	-	-	-	-	-	100.00
Other Technical Personnel	3.5	2.3	2.5	2.3	11.3	11.3	4.3	6.8	0.8	0.8	337.50
Crafts & Trades Personnel	5.5	5.5	6.6	5.5	5.5	5.5	4.5	6.5	6.5	5.5	0.00
Laborers	3.0	3.0	3.0	5.8	3.0	3.0	3.0	3.0	3.0	3.0	0.00
Service Workers	55.3	54.8	53.4	58.4	52.4	50.2	41.8	23.5	22.4	20.0	176.50
Operative personnel	16.5	15.5	16.8	18.0	17.0	15.5	18.6	18.3	18.5	18.5	(10.81)
Total support and administration	114.0	107.9	109.7	116.5	112.7	108.7	103.0	85.4	77.5	78.0	46.15
TOTAL	420.8	410.0	424.1	444.3	419.5	396.5	392.3	348.4	346.0	333.2	26.29 %

Source: School District personnel records.

Notes:

In 2006, there was a change in the way the District allocated FTE areas due to account code changes required by the Iowa Department of Education.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS, LAST TEN FISCAL YEARS

Fiscal Year	Daily Average Attendance	Operating Expenditures	Cost per Pupil	Percentage Change	Governmental Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teaching Ratio
2008	2,912	\$ 25,178,119	\$ 8,646	(8.89) %	\$ 34,210,804	\$ 11,748	30.37 %	220.6	13.20
2007	2,992	23,758,050	7,941	(4.70)	26,961,273	9,011	4.06	217.3	13.77
2006	3,013	22,851,808	7,584	5.94	26,092,213	8,660	(6.79)	226.7	12.84
2005	2,777	22,391,442	8,063	(6.76)	25,801,218	9,291	2.68	235.5	12.85
2004	2,879	21,743,927	7,553	(3.06)	26,050,650	9,049	(2.35)	231.2	12.89
2003	2,834	20,768,083	7,328	(2.60)	26,260,445	9,266	N/A	218.7	13.52
2002	2,792	19,942,394	7,143	(0.98)	N/A	N/A	N/A	213.5	13.65
2001	2,768	19,578,293	7,073	(9.52)	N/A	N/A	N/A	211.0	14.14
2000	2,861	18,476,712	6,458	(10.30)	N/A	N/A	N/A	207.9	14.73
1999	3,048	17,846,519	5,855	(4.51)	N/A	N/A	N/A	200.9	15.60

Source: Nonfinancial information from district records. School District financial records.

Notes: N/A = not available. Operating expenditures are total expenditures in the General Fund.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

**FREE AND REDUCED STUDENTS,
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Reduced Students</u>	<u>Reduced Percentage</u>	<u>Free Students</u>	<u>Free Percentage</u>	<u>Total Free and Reduced Students</u>	<u>Total Free and Reduced Percentage</u>
2008	189	6.24%	476	15.72%	665	21.96%
2007	161	5.26%	448	14.64%	609	19.90%
2006	165	5.38%	478	15.58%	643	20.95%
2005	151	4.97%	448	14.76%	599	19.73%
2004	163	5.46%	405	13.57%	568	19.03%
2003	153	5.19%	358	12.15%	511	17.34%
2002	98	3.58%	329	12.03%	427	15.61%
2001	99	3.54%	334	11.95%	433	15.50%
2000	104	3.60%	308	10.68%	412	14.28%
1999	140	4.80%	322	11.05%	462	15.85%

Source: School District records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

School	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Armstrong										
Square feet	41,095	41,095	41,095	41,095	41,095	41,095	41,095	41,095	41,095	38,795
Capacity*	720	720	720	720	720	720	720	720	720	660
Enrollment	299	285	276	280	271	291	289	316	325	329
Playgrounds	2	2	2	2	2	2	2	2	2	2
Glenn										
Square feet	26,297	26,297	26,297	26,297	26,297	26,297	26,297	26,297	26,297	22,433
Capacity*	480	480	480	480	480	480	480	480	480	390
Enrollment	259	259	261	265	258	259	264	279	284	312
Playgrounds	2	2	2	2	2	2	2	2	2	2
Grisson										
Square feet	29,209	29,209	29,209	29,209	29,209	29,209	29,209	29,209	29,209	25,345
Capacity*	480	480	480	480	480	480	480	480	480	390
Enrollment	252	231	232	209	203	208	209	242	270	270
Playgrounds	2	2	2	2	2	2	2	2	2	2
Shepard										
Square feet	39,609	39,609	39,609	39,609	39,609	39,609	39,609	39,609	39,609	37,579
Capacity*	720	720	720	720	720	720	720	720	720	660
Enrollment	305	321	311	305	322	295	312	307	305	334
Playgrounds	2	2	2	2	2	2	2	2	2	2
White										
Square feet	42,546	42,546	42,546	42,546	42,546	42,546	42,546	42,546	42,546	36,996
Capacity*	780	780	780	780	780	780	780	780	780	660
Enrollment	456	446	437	402	425	388	371	380	378	383
Playgrounds	2	2	2	2	2	2	2	2	2	2
Jr. High										
Square feet	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	82,748
Capacity*	960	960	960	960	960	960	960	960	960	810
Enrollment	442	459	487	489	475	501	497	513	516	510
Playgrounds	-	-	-	-	-	-	-	-	-	-
High School										
Square feet	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	173,268
Capacity*	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,470
Enrollment	1,049	1,050	1,054	1,074	1,027	1,015	973	947	985	998
Playgrounds	-	-	-	-	-	-	-	-	-	-

Source: District records.

Notes:

*Capacity calculation is number of possible classrooms times maximum of 30 students each (as suggested by architect).

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
CAPITAL ASSET INFORMATION,
LAST TEN FISCAL YEARS

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Elementary										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	178,756	178,756	178,756	178,756	178,756	178,756	178,756	178,756	178,756	161,148
Capacity	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	2,760
Enrollment	1,571	1,542	1,517	1,461	1,479	1,441	1,445	1,524	1,562	1,628
Playgrounds	10	10	10	10	10	10	10	10	10	10
Junior High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	104,270	82,748
Capacity	960	960	960	960	960	960	960	960	960	810
Enrollment	442	459	487	489	475	501	497	513	516	510
High School										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	199,143	173,268
Capacity	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,470
Enrollment	1,049	1,050	1,054	1,074	1,027	1,015	973	947	985	998
Administrative										
Admin Building	1	1	1	1	1	1	1	1	1	1
Square feet	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188
Warehouse/printshop	1	1	1	1	1	1	1	1	1	1
Square feet	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900
Service buildings	19	19	19	19	19	19	19	19	19	17
Transportation										
Bus Garage	1	1	1	1	1	1	1	1	1	1
Square feet	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
Buses	38	38	38	38	38	38	38	38	37	37
Athletics										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2	2	2

Source: District records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT MISCELLANEOUS DEMOGRAPHIC STATISTICS

The North Scott Community School District was incorporated in 1956, and includes portions of Winfield, Butler, Sheridan, Princeton, Lincoln, Allens Grove and Hickory Grove townships, in the County of Scott, in the State of Iowa. The District encompasses an area of 220 square miles. Included in the District are the towns of Dixon, Maysville, Donahue, Long Grove, Eldridge, McCausland and Princeton and the unincorporated communities of Mt. Joy and Park View. The District office is located at 251 East Iowa Street, Eldridge, Iowa.

The District owns and operates seven schools plus an administration building, vehicle maintenance facility, district copy center and maintenance complex. The following data provides the grade levels housed in each building.

Schools	<u>07-08</u>	<u>06-07</u>	<u>05-06</u>	<u>04-05</u>	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>	<u>00-01</u>	<u>99-00</u>	<u>98-99</u>
Alan Shepard Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Edward White Elem.	K-5	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
	Preschool -----									
John Glenn Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Neil Armstrong Elem.	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Virgil Grissom Elem.	PreK-6	PreK-6	PreK-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Junior High	*6-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8
High School	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12

**Approximately 72 Sixth Graders Only*

SCHOOLS:

North Scott High School, located in Eldridge, was opened in the fall of 1958. Major additions to this building were completed in 1980, 1982, and 2000 that included an 800-seat performing arts auditorium, six fully equipped science classrooms and a modernized and expanded vocal and instrumental music complex. Major interior renovation and enlargement of the girls' locker room was completed in October 2006, as well as the replacement of the original gymnasium floor. The North Scott Junior High School, for grades seven and eight, was completed for occupancy January 3, 1976. Major interior remodeling was completed in 1991 and 2000 that included two fully equipped science classrooms and a full sized gymnasium. A major track and football field renovation was started in the spring of 2008.

The John Glenn Elementary School at Donahue, the Virgil Grissom Elementary School at Princeton, the Alan Shepard Elementary School at Long Grove and the Edward White Elementary School at Eldridge were opened in 1967. These buildings replaced 32 buildings, which were mostly one-room, rural schools. Major additions to these elementary buildings were finished in 1967, 1969, 1971, 1993 and 2000. The Neil Armstrong Elementary School at Park View was opened on August 30, 1976 with a major addition completed in 2000. A major interior renovation project was completed in two phases. The district started on a playground safety program, replacing existing playground equipment and adding rubber tile fall protection surfaces at four of the district's elementary buildings.

A major sports complex was completed in the fall of 2002, which includes 12 lighted tennis courts and a lighted soccer complex.

STAFF AND CURRICULUM

The North Scott Schools take pride in their excellent workforce. The seven buildings and central office are staffed by 13 administrators, 220.32 FTE teaching staff, and 187.45 FTE support staff. The teaching staff includes classroom teachers, media specialists, nurses, and teacher specialists in the areas of reading, art, music, physical education, and guidance. The support staff of teacher aides, secretarial and clerical staff, bus drivers and mechanics, custodial/maintenance, day care, food service, print shop, and grounds staff all contribute to creating a positive, safe learning environment for students.

Following are listed a variety of activities that were directed and/or coordinated by the Superintendent for the continuous improvement of the learning experiences and environment provided to students and staff:

- All teachers and administrators are involved in grade level and content area meetings to align curriculum, assessment, and instruction.

- The district hosted an accreditation team from the Iowa Department of Education for a three-day site visit in January 2008.
- The district developed a new five-year North Scott Comprehensive School Improvement Plan (2008-2013).
- The district has identified long-range goals and annual improvement goals with specific action plans to meet the identified needs of students and staff within the district.
- The district employs reading specialists who provide academic support in reading for students in grades K-3, 4-6, and 7-8.
- A state endorsed, research based reading program "Second Chance Reading" is provided for students in need of reading assistance at the junior high and high school.
- Numerous curriculum projects were written during the summer. Reports are made regularly during the school year to the Board of Directors.
- The district has a Curriculum Cabinet, which meets twice a month to discuss issues directly related to curriculum, instruction and assessment. Members of the Cabinet include the Superintendent, the Curriculum Director, the high school principal, the junior high principal, an elementary principal, and two members of the Board of Directors. Minutes of the Curriculum Cabinet are provided to the entire staff after each meeting as well as reports made at each School Board meeting.
- Each building annually identifies building improvement goals based upon student data. Action plans are developed at the building level to make improvements at the site level.
- Parent/teacher conferences are held in grades kindergarten through twelve twice a year with a high parent participation rate. The junior high conducts student led conferences.
- The district provides a well-articulated K-12 counseling program to address the increasing needs of students. All elementary buildings have full time guidance personnel.
- The district continues to provide regular professional development opportunities to all staff in the areas of reading, math, science, utilization of technology, and meeting the needs of diverse learners. In 2007-08, emphasis was placed on differentiated instruction and presented through the use of a building instructional coaches model.
- Graduate level professional development courses are made available to teaching staff annually to support their professional development and licensure renewal.
- The district has developed a five-year building and grounds maintenance plan to ensure facilities that enhance educational opportunities for students and provide for a safe learning environment.
- A full-time technology director and three computer technicians are employed by the district to assist in the integration of technology in all classrooms. 100% of the district's classrooms are connected to the Internet. All staff members have e-mail addresses. There are more than 1,500 computers across the district. The district maintains a web page.
- The Central Office and administrative staff use a web-based personnel software system for hiring new staff.
- The district employs a full time curriculum director to coordinate the K-12 curriculum, instruction, assessment, and school improvement initiatives.
- The district has an active mentoring program for beginning teachers. "Partners in Professionalism" provides each beginning teacher with a trained mentor teacher for a two-year period.
- In a joint venture with the North Scott Press, the district published two volumes of *North Scott, The Magazine*.

- Through a Smaller Learning Communities federal grant, the high school offers a freshman house structure to assist students making the transition from junior high to high school.
- Both the junior high and high school provide a student advisory time each school day.
- The district held Community Forums to offer stakeholders an opportunity to provide input on district initiatives and activities.

POPULATION:

The population of the North Scott Community School District is estimated at approximately 13,372. The school enrollment in October 2007 was 2999.7 students - 1049 senior high students, 442 junior high students, 1571 elementary students and another 4 students who are tuitioned into other districts for special education or other regular programs. Less than 5% of the school parents earn their livelihood from farming. The remaining 95% live in towns or housing developments within the District. The largest industry within the District is John Deere.

A fleet of 38 buses is owned by the District to serve its transportation needs. A total of 29 regular bus routes operate daily, with 5 activity routes operating in the evening. The District also has 9 special education routes operating daily.

Student lunches are prepared at two central locations, North Scott High School and North Scott Junior High, and number approximately 426,242 annually.

The North Scott Board of Education meets on the second and fourth Monday of each month, and complete minutes are published in the North Scott Press.

DISTRICT AWARDS OVER THE LAST SEVERAL YEARS:

The following is a summary of various awards and positions held by specific individuals, buildings, school organizations and as a District, over the last several years.

Individuals

District individuals have served and been awarded the following recognition:

- President and Vice President, Regional Officers for the School Administrators of Iowa, 1998-99
- Head Girl's Softball Coach was inducted into the Iowa Girls Athletic Hall of Fame, 1998
- SAI Area X Superintendent of the Year, 2000
- District designated as School-Match
- Member, Eldridge Economic Development Committee
- Member of North Scott Kiwanis
- Member of North Scott Rotary
- Mayor of the City of Eldridge
- Iowa State Senator
- Committee member, Leadership Committee, IASBO
- SAI State Superintendent of the Year Finalist, 2001
- SAI State Jr. High Principal of the Year Finalist, 2001
- Presenter at State School Board, 2002 Convention on Activity Fund Management
- Presenter at SAI workshop on Activity Funds, 2002
- Iowa Association of School Business Officials Summit Award, 1998
- Second Place "Outstanding School" award from the National History Day in Iowa, 2000
- Member of the Iowa High School Athletic Association Representative Council, 2002
- SAI, Area IX, Middle School Principal of the Year, 2001
- AEA IX Elementary Principal of the Year - 1998-99
- Finalist for Iowa Elementary Principal of the Year - 1998-99
- One of five finalists for National High School Athletic Coaches Association "Softball Coach of the Year", 2002 - Winner of Midwest State Award.
- Iowa's nominee for National High School "Wrestling Coach of the Year", 2003
- Presenter at the Iowa Technology Educator's Conference, 2003
- 3 National Merit semi-finalists at North Scott High School, 2004
- "Teacher of the Year - Senior Division" award from National History Day in Iowa, 2005

- Presenter – Iowa Department of Education Professional Development Seminar in 2005
- Presenter – Iowa State School Board Conference 2007
- Presenter – School Administrators of Iowa 2007 Fall Activity Fund Workshop
- Presenter – Iowa Association of School Business Officials Fall 2007 Conference
- SAI District IX Central Office Administrator of the Year, 2005
- Southeast District High School Athletic Director of the Year, 2005
- Iowa State Distribution Advisory Council
- Presenter at Middle Level Education Southeast Sectional Conference
- Two teachers named WalMart “Teacher of the Year”, 2006
- SAI District IX Elementary Principal of the Year, 2006
- Iowa Association of School Business Officials 2008 Professional Leadership Award

Building Awards

- Governor’s 1st in the Nation in Education (John Glenn, 1990; Edward White, 1992; Alan Shepard, 1993; North Scott High School, 1993; Neil Armstrong, 1994; Junior High, 1995; Virgil Grissom, 1996)
- Junior High Educational Equity Recognition Award – Iowa State Board of Education
- Junior High “Employer Support of the Guard and Reserve” ESGR Award
- “Outstanding School of the Year – Jr. High Division” award from the National History Day in Iowa, 2005
- John Glenn Elementary 2007 No Child Left Behind Blue Ribbon School

Grounds Awards

- 1999 Iowa Softball Field of the Year, Iowa Sports Turf Manager’s Association
- 1999 Iowa Baseball Field of the Year, Iowa Sports Turf Manager’s Association
- Presenter at Iowa Turf Manager’s Conference, 2002
- Presenter at Iowa Turf Grass Conference, 2003
- 2004 Iowa Sports Turf Manager’s Association Soccer Field of the Year
- 2004 National Sports Turf Manager’s Association High School & Parks Soccer Field of the Year
- Presenter at National Sports Turf Manager’s Conference, 2004
- 2005 National Sports Turf Manager’s Association High School and Parks Sports Complex of the Year
- Presenter at Iowa Turfgrass Conference, 2005
- Presenter at Northern Illinois Turf Manager’s Association, 2007
- Presenter at Iowa Buildings and Grounds Association, 2007

Grants

- State Voluntary 4-Year-Old Preschool Program - \$191,988
- Scott County Regional Authority and Riverboat Development Authority, \$160,602
- Five-Year Smaller Learning Communities Grant, \$799,274

School Organizations

- PTA State Advocate Award
- District Athletic Booster Club of the Year (84, 90, 91, 92, 93, 98, 99, 2001)
- State Booster Club of the Year – 2001

Donation

The North Scott Community School District received a \$25,000 donation from Roy J. Carver Charitable Trust for the Track Resurfacing Project.

The North Scott Community School District received a \$39,000 donation from the North Scott High School Athletic Booster Club for the Track Resurfacing Project.

STATISTICAL REVIEW:

Area – 220 square miles.

Altitude – 793 feet above sea level.

Parks – Scott County Park, a total of 1,450 acres. Each small town in the district has their own small park.

Location – Distance in miles from Eldridge (center of District):

Chicago	162	Los Angeles	1,605	Omaha	300
Dallas	799	Minneapolis	334	St. Louis	240
Denver	777	Detroit	425	Kansas City	300
Des Moines	167	Milwaukee	199		

Churches – 13, representing five denominations.

Racquet Ball Club, Roller Skating Rink, Golf Course (in City of Eldridge).

Public Library – Scott County Public Library contains over 74,374 volumes, 490 magazines and two newspapers.

Newspapers – One weekly, one daily (morning and evening) in metropolitan area. Also one weekly trade paper.

Climate	-Average winter temperature	24.6
	-Average summer temperature	72.7
	-Average annual rainfall	24.6
	-Average annual snowfall	32.9

MUNICIPAL SERVICES:

Council/City Managers; all volunteer fire department personnel in cities; full-time police officers—Eldridge, five and Princeton, one—part-time police officers – Princeton, four. All other cities are patrolled by the county; industrial waste pickup service.

NOTICE OF NON-DISCRIMINATION:

The North Scott Community School District does not discriminate on the basis of race, color, creed, gender, sexual orientation, marital status, national origin, religion, age or disability in its educational programs, services or employment practices. Inquiries concerning application of this statement should be addressed to:

Kelly Rohlf, Equity Coordinator
Virgil Grissom Elementary School
500 Lost Grove Road
Princeton, IA 52768
Phone (563) 289-4404

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS,
LAST TEN YEARS

<u>Year</u>	<u>Insured Property Values</u>	<u>Expenditures For Construction</u>	<u>Bank Deposit*</u>
2007-08	\$ 81,124,318	\$ 1,176,980	\$ 2,317,170
2006-07	74,597,277	1,082,444	5,057,042
2005-06	65,670,495	1,733,138	2,122,229
2004-05	56,508,413	994,402	3,311,277
2003-04	55,364,899	924,800	3,141,369
2002-03	54,371,139	1,030,566	2,081,165
2001-02	51,714,094	5,077,425	2,147,608
2000-01	50,570,666	2,437,620	1,661,033
1999-00	42,688,585	3,848,274	1,630,235
1998-99	41,617,740	3,893,216	1,398,292

*School district's bank deposit at June 30.

Sources: School District financial and insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

OFFICIAL ENROLLMENT BY GRADE,
LAST TEN FISCAL YEARS

Grade	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Preschool	7.0	7.0	11.0	11.0	14.0	14.0	14.0	14.0	11.0	8.0
Pre-K	30.0	27.0	27.0	12.0	-	-	-	-	-	-
Kindergarten	210.0	215.0	217.0	175.0	208.0	198.0	175.0	178.0	174.0	209.0
1	221.0	211.0	182.0	218.0	201.0	179.0	173.0	189.0	217.0	216.0
2	225.0	191.0	219.0	210.0	201.0	184.0	180.0	212.0	216.0	216.0
3	195.0	225.0	222.0	206.0	196.0	190.0	209.0	231.0	221.0	238.0
4	227.0	231.0	209.0	195.0	197.0	214.0	227.0	216.0	239.0	244.0
5	235.0	215.0	213.0	208.0	219.0	232.0	225.0	244.0	243.0	228.0
6	221.0	220.0	217.0	226.0	243.0	230.0	242.0	240.0	241.0	269.0
7	220.0	212.0	229.0	244.0	220.0	243.0	243.0	240.0	265.0	249.0
8	215.0	233.0	250.0	236.1	243.0	249.0	242.0	266.0	245.0	256.0
9	249.0	273.0	260.0	287.0	279.0	266.0	284.0	251.0	277.0	228.0
10	272.0	259.0	277.0	262.0	255.0	279.0	250.0	256.0	222.0	275.0
11	253.0	262.0	251.0	255.0	264.0	246.0	233.0	202.0	251.0	262.0
12	275.0	256.0	266.0	270.0	229.0	224.0	206.0	238.0	235.0	233.0
Special Education	13.0	20.0	11.0	7.0	12.0	13.0	12.0	7.0	1.0	-
Open Enrollment	(72.0)	(65.0)	(55.0)	(49.1)	(36.0)	(39.0)	(29.0)	(48.9)	(46.9)	(63.0)
Dual Enrollment	3.7	1.1	0.6	0.3	0.7	0.9	0.9	0.5	0.6	0.4
	<u>2,999.7</u>	<u>2,993.1</u>	<u>3,006.6</u>	<u>2,973.3</u>	<u>2,945.7</u>	<u>2,922.9</u>	<u>2,886.9</u>	<u>2,935.6</u>	<u>3,011.7</u>	<u>3,068.4</u>

Source: School District reports and enrollment records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF INSURANCE COVERAGE,
JULY 1, 2007 - JUNE 30, 2008

Detail of Coverage	Number	Policy Period		Liability Limits	Premium
		From	To		
PROPERTY					
Coverage A - Buildings	9A5-88-74-01	7/1/2007	7/1/2008	Coverages A and B - 90% of full replacement cost as per statement of values - \$10,000 deductible.	\$ 85,069
Coverage B - Personal property				Coverage C - \$1,000 - no deductible.	
Coverage C - Extra expense					
LIABILITY					
Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefits, additional insureds.	9A5-88-74-01	7/1/2007	7/1/2008	\$1,000,000 bodily injury and property damage each occurrence, \$2,000,000 aggregate.	14,580
FLEET					
Bodily injury, property damage, medical uninsured motorist, comprehensive, collision. Includes non-owned.	9A5-88-74-01	7/1/2007	7/1/2008	\$1,000,000 combined single limit liability, \$1,000 medical payment, ACV comprehensive no deductible, buses \$250 deductible, small vehicles \$100 deductible and automobiles uninsured and underinsured motorist \$300,000	30,884
WORKERS' COMPENSATION	9A5-88-74-01	7/1/2007	7/1/2008	Statutory.	156,024
INLAND MARINE					
All risk coverage based on statement of values.	9A5-88-74-01	7/1/2007	7/1/2008	As per schedule - no deductible.	4,267
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	9A5-88-74-01	7/1/2007	7/1/2008	\$10,000,000 occurrence and aggregate.	23,620
SCHOOL DISTRICT LEGAL LIABILITY					
Includes prior acts, 36-month discovery period extension, teacher negotiation-covers school board and all employees.	9A5-88-74-01	7/1/2007	7/1/2008	\$2,000 deductible, \$1,000,000 each loss, \$1,000,000 aggregate.	5,804
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	9A5-88-74-01	7/1/2007	7/1/2008	Coverage \$500,000 all employees w/ \$5,000 deductible	2,010
POLLUTION	9A5-88-74-01	7/1/2007	7/1/2008	\$500,000 each incident and aggregate	1,125
GROUP EXCESS LIABILITY	9A5-88-74-01	7/1/2007	7/1/2008	\$20,000 occurrence limit and \$50,000,000 aggregate limit	4,285

Source: School District insurance records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

HISTORY OF STATE AID PAYMENTS, LAST TEN FISCAL YEARS

Fiscal Year	Budgeted State Aid	Actual Revenues	Difference State Aid to Actual	Difference % of Budget Variance**
2008	\$ 12,578,595	\$ 12,489,454	\$ 89,141	0.71 %
2007	12,007,420	11,920,247	87,173	0.73
2006	11,378,765	11,284,988	93,777	0.82
2005	10,718,450	10,682,395	36,055	0.34
2004	10,539,379	10,286,488	252,891	2.40
2003	10,208,855	10,168,917	39,938	0.39
2002	10,552,224	10,041,219	511,005	4.84
2001	10,248,152	10,258,970	(10,818)	(0.11)
2000	10,098,763	10,083,030	15,733	0.16
1999	9,717,080	9,704,213	12,867	0.13
Average	\$ 10,804,768	\$ 10,691,992	\$ 112,776	1.04 %

**The % of budget variance indicates the percent that actual revenues were below those projected by use of the state's foundation formula used in calculations to prepare the certified school district budget.

Source: School District Budget Documents and Financial Records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

LOCAL REGULAR PROGRAM BUDGET VS. TEACHER'S SETTLEMENTS,
NEW MONEY THE LAST TEN YEARS - PERCENT INCREASE

Budget Year	Enrollment	(A) North Scott New Money		(B) North Scott Settlement		(C) New Money State Trend		(D) Settlement State Trend		(E) Certified Teaching Staff (FTE)	
			%		%		%		%		
2007-08	2,999.7	3.91	%	4.77	%	2.77	%	4.50	%	220.33	
2006-07	3,002.1	3.84		4.46		2.66		4.67		216.90	
2005-06	3,006.6	5.16		4.19		2.25		4.49		227.70	
2004-05	2,973.3	4.98		5.70		1.99		4.36		230.70	
2003-04	2,945.7	2.80		3.92		1.02		3.83		229.20	
2002-03	2,922.9	2.57		5.01		0.74		4.09		213.83	
2001-02	2,886.9	-		5.02		0.66		3.71		213.71	
2000-01	2,935.6	1.38		4.37		2.59		4.50		210.08	
1999-00	3,011.7	2.10		2.82		2.84		4.46		207.90	
1998-99	3,068.4	2.42		2.73		2.44		4.06		200.90	
TEN YEAR AVERAGE		2.92		4.30		2.00		4.27		217.13	
PERCENT VARIANCE (B-A)/A		0.47				(D-C)/C		113.78			

Source: IASB Reports

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

AVERAGE SALARY BY EDUCATION LEVEL,
LAST SEVEN FISCAL YEARS

Education Level	Fiscal Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
BA							
Total FTE	54.85	44.00	54.00	69.83	63.83	46.50	45.00
Average Salary	31,062.15	30,173.11	28,897.89	27,948.79	27,502.69	26,391.61	25,875.00
BA + 15							
Total FTE	22.41	29.41	35.37	28.87	31.87	26.83	25.33
Average Salary	39,772.78	38,317.58	35,734.07	36,107.38	34,884.42	34,724.05	35,326.59
BA + 30							
Total FTE	37.57	36.50	36.00	40.00	39.00	46.00	54.50
Average Salary	44,354.51	43,526.74	42,984.14	40,999.54	40,029.76	40,203.59	38,781.54
MA							
Total FTE	48.50	53.00	52.00	52.00	55.50	51.50	41.50
Average Salary	42,654.80	41,155.04	40,701.17	38,936.37	37,909.70	37,487.18	36,582.83
MA + 15							
Total FTE	22.00	24.00	16.00	14.00	11.00	10.00	13.00
Average Salary	47,330.64	47,448.58	46,433.19	44,183.71	43,013.73	41,439.00	40,932.69
MA + 30							
Total FTE	35.00	30.00	31.00	27.00	27.00	33.00	34.00
Average Salary	54,214.46	52,785.83	50,928.32	50,112.37	49,701.56	48,242.73	48,093.75
Grand Total FTE	220.33	216.91	224.37	231.70	228.20	213.83	213.33
Total Average Salary	42,068.73	41,666.23	39,265.49	37,247.99	36,579.75	37,156.64	36,836.29

Source: School District personnel records.

Notes:

Data was not available for the years before 2002. In the future, this schedule will have ten years of data.

Full-time instructional employees of the District are employed for all 192 work days, at eight hours per day or 1,536 hours per year.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

TOTAL PACKAGE SETTLEMENT,
LAST TEN YEARS

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
Certified	4.77%	4.46%	4.19%	5.74%	3.90%	5.01%	5.02%	4.37%	2.82%	2.73%
Classified	4.30%	3.80%	3.50%	3.65%	3.15%	5.00%	5.02%	2.99% *	2.71%	2.99%
Bus Drivers	3.91%	3.50%	3.50%	3.00%	3.00%	4.80%	5.00%	1.38%	2.29%	2.42%
Administrators	3.50%	3.50%	2.80%	3.25%	2.54%	5.00%	5.00%	4.40%	2.89%	3.00%
Mid Management	4.30%	3.50%	3.20%	3.25%	3.03%	5.00%	5.00%	4.40%	2.89%	3.00%
Print Shop	4.30%	3.50%	3.20%	3.60%	3.03%	5.00%	5.92%	4.40%	2.89%	3.00%
Exempt	4.30%	3.50%	3.28%	3.60%	3.04%	5.00%	5.09%	4.40%	2.89%	3.00%

* 3rd year of three year contract settled on no wage reduction, no step
not precedent setting - should have been 1.38%

Source: School District Records

NORTH SCOTT COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO,
LAST TEN FISCAL YEARS

$$\text{FINANCIAL SOLVENCY} = \frac{\text{UNRESERVED UNDESIGNATED GENERAL FUND BALANCE}}{\text{ACTUAL REVENUES}}$$

Fiscal Year	Unreserved Undesignated General Fund Balance		Actual Revenues		Financial Solvency Ratio
2007	\$	3,359,636	\$	26,153,153	12.85 %
2006		1,204,763		23,195,583	5.19
2005		866,268		21,972,664	3.94
2004		1,428,482		20,471,792	6.98
2003		2,681,016		20,413,425	13.13
2002		2,874,632		20,490,713	14.03
2001		2,354,818		20,616,101	11.42
2000		1,232,303		19,589,457	6.29
1999		158,395		18,921,533	0.84
1998		(780,411)		17,582,748	(4.44)

Source: School District Financial Records.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
FUND FOR THE IMPROVEMENT OF EDUCATION (SMALLER LEARNING COMMUNITIES PROGRAMS)	84.215L	FY 08	\$ 139,044
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION	10.550	FY 08	74,776
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	48,737
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	288,948
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 08	5,739
			343,424
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCA- TIONAL AGENCIES	84.010	4784-G	166,353
TITLE I GRANTS TO LOCAL EDUCA- TIONAL AGENCIES	84.010	4784-GC	3,332
			169,685
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 07	2,958
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 08	3,726
			6,684
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	11,340
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	90,087
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 08	21,413
ADVANCE PLACEMENT PROGRAM	84.330	FY 08	270
TEACHER QUALITY ENHANCEMENT GRANTS	84.336	FY 08	1,711
MISSISSIPPI BEND AREA EDUCATION AGENCY: SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 08	147,233

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
INDIRECT(CONTINUED):			
MISSISSIPPI BEND AREA EDUCATION AGENCY(CONTINUED):			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	21,217
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES (SECOND CHANCE READING)	84.323	FY 08	4,467
ONE-YEAR FOLLOW-UP SURVEYS	84.027	FY 08	6,400
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 08	257
DEPARTMENT OF HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	FY 08	525
			\$ 1,038,533

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Scott Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-G
YEAR ENDED JUNE 30, 2008

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

School District: North Scott Community Title I, ESEA Project #4784-G

July 1, 2007 - June 30, 2008

Expenditures Code & Classification	Approved Budget	Completion Audit 2007-08	Total Expended
Salaries (100)	\$ 113,547	\$ 113,547	\$ 113,547
Employee Benefits (200)	46,920	46,920	46,920
Purchased Services (300-500)	646	646	646
Supplies (600)	383	337	337
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)	4,857	4,903	4,903
Totals	<u>\$ 166,353</u>	<u>\$ 166,353</u>	<u>\$ 166,353</u>

SUMMARY:

Receipts \$ 166,353

Expenditures \$ 166,353

Obligations \$ 0

Balance \$ 0

Project complete.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROJECT ACTIVITY
TITLE I, ESEA PROJECT #4784-GC
YEAR ENDED JUNE 30, 2008

LEA TITLE I, ESEA BUDGET AUDIT REPORT TO SEA

School District: North Scott Community Title I, ESEA Project #4784-GC

July 1, 2007 - June 30, 2008

Expenditures Code & Classification	Approved Budget	Completion Audit 2007-08	Total Expended
Salaries (100)	\$ 2,328	\$ 2,328	\$ 2,328
Employee Benefits (200)	319	319	319
Purchased Services (300-500)			
Supplies (600)	685	685	685
Property (700)			
Other Expenses (800-900)			
Indirect Costs (800-900)			
Totals	\$ 3,332	\$ 3,332	\$ 3,332

SUMMARY:

Receipts	\$ 3,332
Expenditures	\$ 3,332
Obligations	\$ 0
Balance	\$ 0

Project Complete.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
North Scott Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Scott Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Scott Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of North Scott Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Scott Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects North Scott Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of North Scott Community School District's financial statements that is more than inconsequential will not be prevented or detected by North Scott Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Scott Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

North Scott Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit North Scott Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of North Scott Community School District and other parties to whom North Scott Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the North Scott Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

December 15, 2008

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants
(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
North Scott Community School District

Compliance

We have audited the compliance of the North Scott Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The North Scott Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the North Scott Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of North Scott Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered North Scott Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Scott Community School District's internal control over compliance.

North Scott Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit North Scott Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of North Scott Community School District and other parties to whom North Scott Community School District may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Nolte, Cornman & Johnson, P.C.
NOLTE, CORNMAN & JOHNSON, P.C.

December 15, 2008

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) North Scott Community School District qualified as a low-risk auditee.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Student Activity Fund - During our audit we questioned the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). A more specific example of these instances is as follows:

We noted during our audit a junior high picture account purchased computers. The monies which were used were from picture commissions. The picture commission revenue should be placed in the General Fund. Computers appear to not be an appropriate expenditure from the Student Activity Fund.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. Picture commission revenue should be recorded in the General Fund. Gift cards and other incentives should not be given to students.

Response - The District will accept the auditor recommendation and make the necessary changes.

Conclusion - Response accepted.

**NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

NORTH SCOTT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-08 Certified Budget - District expenditures for the year ended June 30, 2008, did not exceed the amount budgeted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Judy Kietzman, Teacher Spouse of Bill Kietzman	Official	\$ 847
Christie Liske, Aide Spouse of Matt Liske	Official	833
Christie Liske, Aide Mother of Kyle Liske	Official	40
Paul Claey's, Bus Driver Owner of P&S Enterprises	Supplies	1,100
Paula McPherson, Teacher Spouse of owner of Iowa-Illinois Office Supply	Supplies	7,311
Sherri Marceau, Principal Spouse of owner of Marceau Piano Service	Repairs	235
Sue McBride, Bus Driver, Owner of Catering by Sue	Catering	63
Bill Kessinger, Teacher Spouse of Lee Kessinger	Services	80
Teri Thavenet, Teacher Spouse of owner of Premiere Pest Management Services	Services	4,619

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Judy Kietzman, spouse of Christie Liske, son of Christie Liske, spouse of Paula McPherson, spouse of Sherri Marceau, spouse of Bill Kessinger and spouse of Teri Thavenet do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with Paul Claeys and Sue McBride do not appear to represent a conflict of interest.

IV-E-08 Bond Coverage - Surety bond coverage of district officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the district's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

IV-J-08 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - We will continue to review the applicable code section for a solution to this comment.

Conclusion - Response accepted.

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